



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION
LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://ceo.lacounty.gov>

November 27, 2007

REVISED

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**DEPARTMENT OF HEALTH SERVICES: APPROVAL OF A SOLE SOURCE
AGREEMENT WITH MCKESSON HEALTH SOLUTIONS LLC FOR THE PROVISION
OF NURSE ADVICE LINE, COMPLEX CASE MANAGEMENT, DISEASE
MANAGEMENT, AND WELLNESS PROGRAM SERVICES
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Director of Health Services or his designee ("Director"), to execute a sole source agreement (Exhibit I), with McKesson Health Solutions LLC (McKesson), for the provision of nurse advice line, complex case management, disease management, and wellness program services to Coverage Initiative (Healthy Way LA or HWLA), enrollees and/or Community Health Plan (CHP) members, effective upon date of Board approval through January 31, 2011, at a total maximum obligation of \$11,094,930.
2. Delegate authority to the Director to execute future Amendments to the above Agreement with McKesson, to: a) incorporate into the Agreement any new or revised Board-mandated provisions that may become effective during the term of the Agreement, if needed; and b) increase the maximum obligation not to exceed fifteen percent of the original maximum obligation over the term of the Agreement, including any extensions thereof if exercised, to provide services for additional HWLA enrollees or CHP members exceeding the estimated number without increasing the cost per patient served, provided that County Counsel and

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

Chief Executive Office review and approval is obtained, and the Board is notified prior to executing such Amendments.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

In approving the recommended actions, the Board is authorizing the Director to sign a sole source agreement with McKesson, to provide an integrated and seamless system of coordinated care to improve the health outcomes of HWLA enrollees and CHP members (especially those patients at risk for, or with, certain chronic medical conditions), with the goal of lowering health care costs through fewer hospital admissions and reduced inpatient lengths of stay.

Implementation of Strategic Plan Goals

This action meets the County's Strategic Plan Goal of Organizational Effectiveness by ensuring appropriate utilization of health care services through the provision of integrated nurse advice line, complex case management, disease management, and wellness program services which will lead to improved health outcomes and the achievement of significant cost savings. Such services will be measured through performance-based metrics and quantifiable deliverables included in the terms and conditions of the Agreement.

FISCAL IMPACT/FINANCING

The total maximum obligation for the proposed agreement with McKesson is \$11,094,930, for the period November 27, 2007 through January 31, 2011. The estimated Fiscal Year (FY) 2007-08 cost for services provided to HWLA enrollees is \$47,917, 50 percent offset by Federal funds and 50 percent funded by net County cost. The estimated FY 2007-08 cost for services provided to CHP members is \$1,525,166, 100 percent offset by Federal and State capitation funds. The combined total estimated costs for both programs for FY 2007-08, is \$1,573,083, this estimated cost includes five percent of funds set aside to cover unscheduled work (e.g. non-Spanish translation services, ad hoc reports, paper-based health risk assessments), as approved by the Director. See Attachment B for additional information.

Funding is included in the Department's FY 2007-08 Final Budget, and will be requested in future fiscal year as part of the budget process.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

HWLA and CHP must provide nurse advice line services to their enrollees/members, and CHP must provide complex case management, disease management, and

wellness program services to its members. These services assist patients with appropriate utilization of health care services and with management and control of chronic medical conditions. These services will include the early detection of previously undiagnosed medical conditions and early intervention once diagnosed. This will result in improved health outcomes and significant cost savings through more effective use of healthcare resources.

HWLA is an innovative County healthcare program funded under the State's Coverage Initiative that establishes medical homes for 94,000 low-income, uninsured County adult residents with chronic illness, or at risk for developing chronic conditions, or those who are users of DHS services with no medical home.

CHP serves nearly 160,000 members enrolled under CHP's Medi-Cal Managed Care, Healthy Families, and In-Home Supportive Services programs. CHP is required under its plan partnership agreement with L.A. Care Health Plan (L.A. Care), to implement complex case management and disease management programs. The California State Department of Health Care Services also requires a disease management program for Medi-Cal managed care enrollees. Additionally, these programs are required to meet National Committee for Quality Assurance (NCQA) requirements under L.A. Care as well as support CHP's efforts for NCQA accreditation for its Healthy Families and In-Home Supportive Services programs. CHP also needs to continue to obtain nurse advice line services, which it currently receives through a third-party arrangement via L.A. Care.

McKesson will provide nurse advice line, complex case management, disease management, and wellness program services that will utilize patented data mining, algorithms, and information technology to provide customized education and telephonic clinical support. A further description of these services follows:

- Nurse Advice Line - 24 hours per day, seven days per week, multilingual telephone service that provides HWLA enrollees and CHP members with timely clinical direction and referrals from specially-trained nurses and other health professionals, to improve their health and ensure appropriate utilization of clinical services (HWLA and CHP).
- Complex Case Management – A collaborative process that assesses, plans, implements, coordinates, monitors and evaluates options and services to meet the needs of individuals with complicated multiple medical conditions and/or very expensive cases who may need specialized attention to facilitate appropriate but less costly alternative levels of treatment (CHP).

- Disease Management - A multi-disciplinary, continuum-of-care based system of health care delivery that proactively identifies populations with or at risk for chronic medical conditions. Emphasizes prevention of exacerbation and complications using evidence based guidelines and member empowerment strategies such as self-management (CHP).
- Wellness Program – Program designed to promote good health and prevent disease by educating patients about health risk factors (e.g. smoking), developing interactive consumer tools to assist patients with setting personal health goals, and receiving timely reminders for health appointments and screenings, and providing other related wellness and prevention services to assist patients with managing their health care (CHP).

The agreement with McKesson is financially supported by two major funding streams (HWLA and CHP). A unified Agreement allows the Department to negotiate better pricing by combining the number of HWLA and CHP served populations, establish operational efficiencies by consolidating staff to administer and monitor the Agreement, and reduce supply costs by using same or similar member informing materials for both programs, among others. The Department will implement cost allocation methodologies and internal controls to ensure proper expenditure of funds for each program.

Approval of delegated authority to amend the agreement as requested will enable the Department to serve enrollees or members exceeding the original number and incorporate into the Agreement any new or revised Board-mandated provisions that may become effective during the term of the Agreement, if needed.

Attachments A, B, and C provide additional information.

Exhibit I has been approved as to form and use by County Counsel.

CONTRACTING PROCESS

McKesson is the nation's largest provider of Continuum of Care Management services to state Medicaid programs, and has full NCQA certification for its disease management program. Attachment C is a copy of the Department's sole source notification regarding this Agreement.

McKesson was also recently selected by the State Department of Health Care Services to implement a three-year disease management pilot program for chronically ill, fee-or-service Medi-Cal beneficiaries in Los Angeles County, and is familiar with the healthcare needs of County residents. In addition, McKesson currently provides nurse

advice line services to CHP members through L.A. Care, and is knowledgeable about the Department, including its healthcare system, procedures and processes, as well as State regulatory agencies' specifications and requirements for health care.

The proposed agreement with McKesson is necessary for the following reasons:

- On April 10, 2007, the Department received the award notification from the State Department of Health Services to fund HWLA, which is a three-year project, effective September 1, 2007 through August 31, 2010. Nurse advice line services are an essential service component of HWLA and must be available to enrollees.
- CHP is required under its plan partnership agreement with L.A. Care to implement at least two disease management programs along with complex case management. Additionally, CHP needs to continue to obtain nurse advice line services, which it currently receives through a third-party arrangement via L.A. Care. The provision of nurse advice services to CHP enrollees must begin by January 1, 2008.
- McKesson is the only vendor who can provide a one-vendor integrated nurse advice line, complex case management, disease management, and wellness program services solution. The provision of these services by a single vendor will provide for a more integrated and seamless system of care for HWLA enrollees and CHP members.
- The actual cost for the nurse advice line services will be substantially less when the County contracts directly with McKesson than it was when CHP was receiving these services through LA Care. In addition, the cost to CHP for disease management under this agreement is less than the cost proposed by LA Care for these same services.
- The cost for obtaining these four service modules from one vendor for both programs (CHP and HWLA) is less than purchasing each module separately from multiple vendors. McKesson is the only vendor who can provide a one-vendor solution.
- Disease and complex case management services are highly specialized and the Department does not have the experience, expertise, or resources to provide these services directly. McKesson is the industry leader nationwide in the field of Medicaid disease management. McKesson is the primary or exclusive disease management vendor in 11 of the 17 states that are providing disease

management on an outsourced basis. Experience in serving Medicaid-like populations is critical because they differ significantly from commercial populations in issues of socioeconomics, language, trust in the "system," use of the emergency room, economic influence on dietary/lifestyle compliance, and cultural diversity.

The services being requested by DHS involve significant direct interaction with participating enrollees and require Medicaid experience.

- McKesson is the fee-for-service Medicaid disease management provider in California. McKesson will provide disease management continuity for patients who move between plans. In addition, a contract with McKesson will reduce paperwork for physicians and other providers who serve Medicaid, CHP, and/or HWLA patients by minimizing the number of vendors they must interface with.
- McKesson will provide nurse advice line continuity of care to CHP members. CHP members currently receive nurse advice line services from McKesson through an agreement with L.A. Care Health Plan. L.A. Care's subcontracted vendor agreement expires on December 31, 2007.
- McKesson is the only disease management vendor which also offers care management software for health plans that do some medical management in-house and outsource some, as will CHP.

The Department plans to conduct a competitive solicitation in 2009 for the integrated Nurse Advise Line, Complex Case Management, Disease Management and Wellness Program services.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions will:

- Assist patients with appropriate utilization of health care services and with management and control of chronic medical conditions, including early detection of previously undiagnosed medical conditions and early intervention once diagnosed. This will result in improved health outcomes, decreased inappropriate emergency room usage, and significant cost savings through more effective use of healthcare resources.

Honorable Board of Supervisors
November 27, 2007
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- Enable HWLA to meet its funding requirements set forth by the State's Coverage Initiative and facilitate CHP's compliance with its regulatory, funding, and accreditation requirements as a State-licensed health plan.

CONCLUSION

When approved, the Department of Health Services requires three signed copies of the Board's action.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:SRH:SAS
DRJ:AT:bjs

Attachments (4)

c: County Counsel
Director and Chief Medical Officer, Department of Health Services

112707_DHS_McKesson

SUMMARY OF AGREEMENT

1. Types of Services:

The proposed agreement with McKesson Health Solutions LLC (McKesson) provides nurse advice line, complex case management, disease management, and wellness program services to Coverage Initiative (Healthy Way LA or HWLA) enrollees and/or Community Health Plan (CHP) members.

2. Agency Name:

McKesson Health Solutions LLC
335 Interlocken Parkway
Broomfield, CO 80021
(303) 466-9500

3. Term:

The term of the agreement is effective upon date of Board approval through January 31, 2011, ~~with two (2) one-year renewal options, through January 31, 2013.~~

4. Financial Information:

Funding is included in the Department's Fiscal Year 2007- 08 Adopted Budget, and will be requested in future fiscal years. See Attachment B for detailed budget information.

5. Geographic Area To Be Served:

Countywide.

6. Accountable for Program Monitoring:

Cheri Todoroff, Deputy
DHS Planning and Program Oversight

Teri D. Lauenstein, Director
DHS Office of Managed Care

7. Approvals:

Health Services Administration:	Cheri Todoroff, Deputy
Office of Managed Care:	Teri Daly Lauenstein, Director
Contract Administration:	Cara O'Neill, Chief
County Counsel:	Edward Yen, Deputy County Counsel

**Nurse Advice Line, Complex Case Management, Disease Management,
and Wellness Program Services Agreement**

BUDGET*

COMMUNITY HEALTH PLAN	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	TOTAL
Complex Case Management Projected Term: 02/01/08 – 01/31/11	77,854	186,850	186,850	108,996	560,549
Disease Management Projected Term: 02/01/08 – 01/31/11	1,102,240	2,645,376	2,645,376	1,543,136	7,936,128
Nurse Advice Line Projected Term 01/01/08 - 12/31/10	89,015	178,030	178,030	89,015	534,090
Wellness Program Projected Term: 02/01/08 – 01/31/11	183,430	440,232	440,232	256,802	1,320,696
Subtotal	1,452,539	3,450,488	3,450,488	1,997,949	10,351,463
5% Unscheduled Work Fund**	72,627	172,524	172,524	99,897	517,573
TOTAL	1,525,166	3,623,012	3,623,012	2,097,846	10,869,036

HEALTHY WAY LA	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	TOTAL
Nurse Advice Line Projected Term 12/01/07 – 08/31/10	45,635	78,232	78,232	13,039	215,137
Subtotal	45,635	78,232	78,232	13,039	215,137
5% Unscheduled Work Fund**	2,282	3,912	3,912	652	10,757
TOTAL	47,917	82,143	82,143	13,691	225,894

MAXIMUM OBLIGATION	1,573,083	3,705,155	3,705,155	2,111,537	11,094,930
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* Is based on Schedule B, RATE SCHEDULE. Funding for HWLA expires on August 31, 2010, while funding for CHP enrollees is ongoing. (The term for CHP services is 36 months to take full advantage of the discounted rates offered by McKesson.

** Covers costs for unscheduled work such as non-Spanish translations, ad hoc reports, and paper-based health risk assessments, as approved by Director.



Health Services
LOS ANGELES COUNTY

August 2, 2007

Los Angeles County
Board of Supervisors

Gloria Molina
First District

Yvonne B. Burke
Second District

Zav Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

TO: Health Deputies.

FROM: Bruce A. Chernof, M.D.
Director and Chief Medical Officer

SUBJECT: ADVANCE NOTIFICATION OF SOLE SOURCE
AGREEMENT NEGOTIATIONS WITH MCKESSON FOR
NURSE ADVICE LINE AND DISEASE/CARE
MANAGEMENT SERVICES FOR THE COVERAGE
INITIATIVE AND COMMUNITY HEALTH PLAN

Bruce A. Chernof, MD
Director and Chief Medical Officer

John R. Cochran III
Chief Deputy Director

Robert G. Splawn, MD
Senior Medical Director

This is to advise you that the Department of Health Services (DHS) intends to enter into sole source negotiations with McKesson Health Solutions for the procurement of nurse advice line and disease/care management services for the Coverage Initiative (Healthy Way LA) and Community Health Plan (CHP).

Healthy Way LA (HWLA) is an innovative County healthcare program funded under the State's Coverage Initiative that establishes medical homes for 94,000 low-income, uninsured County adult residents with chronic illness, or at risk for developing chronic conditions, or those who are chronic users of DHS services with no medical home.

313 N. Figueroa Street, Suite 912,
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

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To improve health
through leadership,
service and education.

CHP serves nearly 160,000 members enrolled under CHP's Medi-Cal Managed Care, Healthy Families, and In-Home Supportive Services programs. CHP is required under its plan partnership agreement with L.A. Care to implement complex case management and disease management programs. The California State Department of Health Services (SDHS) also requires a disease management program for Medi-Cal managed care enrollees. Additionally, these programs are required to meet National Committee for Quality Assurance (NCQA) requirements under L.A. Care as well as CHP's own NCQA accreditation for its Healthy Families and In-Home Supportive Services programs. CHP also needs to continue to obtain nurse advice line services, which it currently receives through a third-party arrangement via L.A. Care.

McKesson is the only vendor who can provide a one-vendor integrated nurse advice line, complex case management, care management, and disease management services solution. The provision of these services by a single vendor will provide for a more integrated and seamless system of care for HWLA enrollees and CHP beneficiaries.

DHS has not yet entered into negotiations with McKesson and the maximum obligation has not been determined. DHS will provide written notification to Board offices when the maximum obligation is determined. Funding is included in the Fiscal Year 2007-08 Adopted Budget for the maximum obligation for this contract.



www.ladhs.org

Health Deputies
August 2, 2007
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Unless we hear from you within two weeks from the date of this notice, we will proceed with the sole source negotiations with McKesson.

If you have any questions or need additional information, please let me know.

BAC:ct

Attachment

c: Chief Executive Officer
County Counsel

EXHIBIT 1

Contract No. H-_____

DEPARTMENT OF HEALTH SERVICES



NURSE ADVICE LINE AND DISEASE/CARE MANAGEMENT
SERVICES AGREEMENT

BY AND BETWEEN

COUNTY OF LOS ANGELES

AND

MCKESSON HEALTH SOLUTIONS LLC

NURSE ADVICE LINE AND
DISEASE/CARE MANAGEMENT SERVICES AGREEMENT

THIS AGREEMENT is made and entered into this _____
day of _____, 2007,

by and between COUNTY OF LOS ANGELES
(hereafter "County"),

and MCKESSON HEALTH SOLUTIONS LLC
(hereafter "Contractor").

WHEREAS, the County's Department of Health Services ("DHS") has established the Healthy Way L.A. (HWLA) Program under the State's Coverage Initiative for low-income, uninsured County adult residents with chronic conditions such as diabetes and hypertension, as well as patients nearing Medicare-eligible age and those who have been using DHS facilities in a prolonged but uncoordinated manner; and

WHEREAS, County has established and operates, through the DHS' Community Health Plan ("CHP"), a health maintenance organization duly licensed as a full service, health care service plan under the California Knox-Keene Health Care Service Plan Act of 1975, as amended ("Knox-Keene Act"); and

WHEREAS, DHS desires the Contractor's services to provide nurse advice line and disease/care management services for HWLA and CHP enrollees; and

WHEREAS, Contractor possesses the competence, expertise, and access to qualified personnel required to provide services described hereunder and has offered its resources to County to carry out the objectives of the program; and

WHEREAS, Contractor is willing to provide the services described herein for and in consideration of the payments provided under this Agreement and under the terms and conditions hereafter set forth; and

WHEREAS, pursuant to sections 26227 and 31000 of the California Government Code, and section 1451 of the Health and Safety Code, County is authorized to contract for these services.

NOW, THEREFORE, the parties hereto agree as follows:

1. TERM:

A. This Agreement shall be effective upon date of approval by the County Board of Supervisors (Board), and shall continue, unless sooner terminated or canceled, in whole or in part, as provided in this Agreement in full force and effect to and including January 31, 2011.

~~B. County authorizes the Director or his designee Contractor, the option to extend this Agreement up to two (2) additional one year periods ("Extension Year").~~

C. As used herein and except where expressly stated to the contrary, the "Term" shall mean the Initial Term,

and if extended, each Extension Year ("Option Term"), as the case may be.

D. County shall notify Contractor of any determination to extend this Agreement not less than thirty (30) calendar days before any extension period is to begin.

2. TERMINATION OF AGREEMENT:

A. Without Cause Termination: Either party may terminate this Agreement, in whole or in part, at any time and for any reason, without cause, by giving at least one hundred eighty (180) calendar days advanced written notice thereof to the other party in accordance with the NOTICES Paragraph below, such termination to occur as of midnight of the last day of the calendar month during which the last day of such one hundred eighty (180) calendar days period occurs.

B. Cause for Termination of Agreement: In the event of a material breach of this Agreement by either party, the other party may terminate this Agreement by giving written notice of termination specifying the material breach to the breaching party. Such termination shall be effective immediately upon giving of such notice.

Prior to either party providing written notice of termination to the other party, Director and authorized officers of Contractor shall meet and confer within ten

(10) business days of the date the non-breaching party becomes aware of the breach to discuss the reasons for the contemplated termination of this Agreement. After such meeting, the non-breaching party shall not initiate termination under this Paragraph if it:

(1) Agrees with the breaching party's remedial plan of action to cure the material breach. However, in the event that the non-breaching party determines that the breaching party has failed to execute its plan of action, then the non-breaching party may immediately terminate this Agreement as provided under this Paragraph without any obligation to further meet and confer with the breaching party; or

(2) Agrees that the breaching party has already cured the material breach; or

(3) Agrees that the reasons for the contemplated termination are inappropriate.

C. TERMINATION FOR DEFAULT: Subparagraph 2.B.

hereof notwithstanding, either party may terminate this Agreement, effective immediately upon written notice to the other party, if such other party should lose any material license, permit, or agreement required to enable such party to perform its obligations and duties under this Agreement.

D. TERMINATION FOR INSOLVENCY: Subparagraph 2.B.

hereof notwithstanding, either party may terminate this Agreement, effective immediately upon written notice to the other party, or at a later date as may be specified in such notice, if such other party files for bankruptcy, insolvency, reorganization, or the appointment of a receiver, trustee, or conservator for any of its assets, or makes an assignment for the benefit of its creditors, which termination shall be effective immediately upon delivery of, or on such later date as may be specified in such notice.

E. TERMINATION FOR FRAUD OR MATERIAL

MISREPRESENTATION: Subparagraph 2.B. hereof

notwithstanding, either party may terminate this Agreement immediately upon written notice if the other party has engaged in fraud or material misrepresentation as to this Agreement, as determined by a tribunal of competent jurisdiction, or terminating party based upon verifiable, factual evidence.

F. TERMINATION FOR IMPROPER CONSIDERATION:

Subparagraph 2.B. hereof notwithstanding, County may, by written notice to Contractor, immediately terminate the right of Contractor to proceed under this Agreement if it is found that consideration, in any form, was offered or

given by Contractor, either directly or through an intermediary, to any County officer, employee, or agent, with the intent of securing the Agreement or securing favorable treatment with respect to the award, amendment, or extension of the Agreement, or making of any determinations with respect to Contractor's performance pursuant to the Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could in the event of default by Contractor.

Contractor shall immediately report any attempt by a County officer, employee, or agent, to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861.

Among other items, such improper consideration may take the form of cash, discounts, services, the provision of travel or entertainment, or tangible gifts.

The rights and remedies of County provided in this Paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

3. DESCRIPTION OF SERVICES: Contractor shall provide services for eligible HwLA and CHP enrollees in a manner described in Exhibit "A", DESCRIPTION OF SERVICES and Exhibit A-1, STATEMENT OF WORK, attached hereto and incorporated herein by reference.

4. MAXIMUM OBLIGATION OF COUNTY:

A. The "Maximum Obligation" under this Agreement shall be the total monetary amount payable by County to Contractor for supplying all tasks, subtasks, deliverables, goods, services and other work specified under this Agreement. The Maximum Obligation for this Agreement, including all applicable taxes, authorized by County hereunder is Eleven Million, Ninety-Four Thousand, Nine Hundred Thirty Dollars (\$11,094,930) as set forth in Exhibit C, BUDGET.

B. In addition to the provisions set forth in this Paragraph, Director may add any funding specified under this Subparagraph B contingent upon prior approvals by County Counsel and the Chief Executive Office as well as execution of an administrative amendment prior to any such funding adjustment.

(1) Director may increase the Maximum Obligation up to a maximum of ~~25 percent (25%)~~ 15 percent (15%) of the total Maximum Obligation over the term of the

Agreement to ensure the provision of services in the event of an increase in HWLA and/or CHP enrollment.

~~(2) Director may increase the Maximum Obligation in the event that Director decides to extend the term as provided in Paragraph 1.B. based on the current rates in Exhibit B, BILLING AND PAYMENT. Director may also adjust such rates and the Maximum Obligation for the Extension Year(s) based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index (CPI) for the Los Angeles Riverside Orange County Area for the most recently published percentage change for the 12 month period preceeding the Agreement anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the County's Chief Executive Office (CEO) as of each July 1 for the prior 12 month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County employee salaries no cost of living adjustments will be granted.~~

~~Contractor shall request said adjustment six (6) months prior to the then current Extension Year~~

~~expiration date. If so approved by County, the
adjusted rates shall take effective upon County's
exercise of the subsequent Extension Year.~~

All changes under this Paragraph shall be made in
accordance with Paragraph 10, ALTERATION OF TERMS.

5. BILLING AND PAYMENT: County agrees to compensate
Contractor for services provided pursuant to this Agreement in
accordance with the terms, conditions, and amounts set forth in
Exhibit "B", BILLING AND PAYMENT, attached hereto and
incorporated herein by reference.

6. NON-APPROPRIATION OF FUNDS CONDITION: County shall
not be obligated for Contractor's performance hereunder or by
any provision of this Agreement during any of County's fiscal
years (July 1 - June 30) unless and until County's Board of
Supervisors appropriates funds for this Agreement in County's
Budget for each fiscal year. If County's Board of Supervisors
fails to appropriate funds for any fiscal year, this Agreement
shall be deemed to have terminated, in whole or in part, on June
30th of the immediate prior fiscal year for which such funds
were appropriated. County shall notify Contractor in writing of
such non-allocation of funds at the earliest possible date.

7. NO PAYMENT FOR SERVICES PROVIDED FOLLOWING EXPIRATION/
TERMINATION OF AGREEMENT: Contractor shall have no claim
against County for payment of any money or reimbursement, of any

kind whatsoever, for any service provided by Contractor after the expiration or other termination of this Agreement. Should Contractor receive any such payment it shall immediately notify County and shall immediately repay all such funds to County.

Payment by County for services rendered after expiration/termination of this Agreement shall not constitute a waiver of County's right to recover such payment from Contractor. This provision shall survive the expiration or other termination of this Agreement.

8. ADDITIONAL PROVISIONS: Attached hereto and incorporated herein by reference, is a document labeled "ADDITIONAL PROVISIONS", of which the terms and conditions therein contained are part of this Agreement.

9. CONFLICT OF TERMS: To the extent there exists any conflict or inconsistency between the language of this Agreement and that of any exhibit(s) attached hereto, and any other documents incorporated herein by reference, the language found within this Agreement shall govern and prevail.

10. ALTERATION OF TERMS: This Agreement, together with the exhibits(s), schedules, and any other documents referenced or attached hereto, fully expresses all understandings of the parties concerning all matters covered and shall constitute the total Agreement. No addition to, or alteration of, the terms of this Agreement, whether by written or verbal understanding of

the parties, their officers, employees, or agents, shall be valid unless made in the form of a written amendment to this Agreement which is formally approved and executed by the parties, as provided immediately below.

A. The County reserves the right to initiate change notices that do not materially affect the scope, term, maximum obligation or payments under this Agreement. All such changes shall be accomplished with an executed Change Notice signed by Director and Contractor.

B. For any change which affects the scope of work, term, maximum obligation, payments, or any term or condition included under this Agreement, an Amendment shall be prepared and executed by Director and Contractor.

C. The County's Board of Supervisors or Chief Executive Officer or designee may require the addition and/or change of certain terms and conditions in the Agreement during the term of this Agreement. The County reserves the right to add and/or change such provisions as required by the County's Board of Supervisors or Chief Executive Officer. To implement such changes, an Amendment to the Contract shall be prepared and executed by the Contractor and by the Director.

11. INDEMNIFICATION: Contractor shall indemnify, defend, and hold harmless County and its Special Districts, elected and

appointed officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with Contractor's acts and/or omissions arising from and/or relating to this Agreement.

12. GENERAL INSURANCE REQUIREMENTS: Without limiting Contractor's indemnification of County and during the term of this Agreement, Contractor shall provide and maintain, and shall require all of its subcontractors to maintain, the following programs of insurance specified in this Agreement. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by County, and such coverage shall be provided and maintained at Contractor's own expense.

A. Evidence of Insurance: Certificate(s) or other evidence of coverage satisfactory to County shall be delivered to Director at the: Department of Health Services; Contracts and Grants Division; 313 North Figueroa Street, 6th Floor East; Los Angeles, California 90012-2659, prior to commencing services under this Agreement. Such certificates or other evidence shall:

- (1) Specifically identify this Agreement.
- (2) Clearly evidence all coverages required in

this Agreement.

(3) Contain the express condition that County is to be given written notice by mail at least thirty (30) calendar days in advance of cancellation for all policies evidenced on the certificate of insurance.

(4) Include copies of the additional insured endorsement to the commercial general liability policy, adding County of Los Angeles, its Special Districts, its officials, officers, and employees as insured for all activities arising from this Agreement.

(5) Identify any deductibles or self-insured retentions for County's approval. County retains the right to require Contractor to reduce or eliminate such deductibles or self-insured retentions as they apply to County, or, require Contractor to provide a bond guaranteeing payment of all such retained losses and related costs, including, but not limited to, expenses or fees, or both, related to investigations, claims administrations, and legal defense. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

B. Insurer Financial Ratings: Insurance is to be provided by an insurance company acceptable to County with an A.M. Best rating of not less than A-:VII, unless

otherwise approved by County.

C. Failure to Maintain Coverage: Failure by Contractor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to County, shall constitute a material breach of contract upon which County may immediately terminate or suspend this Agreement. County, at its sole option, may obtain damages from Contractor resulting from said breach. Alternatively, County may purchase such required insurance coverage, and without further notice to Contractor, County may deduct from sums due to Contractor any premium costs advanced by County for such insurance.

D. Notification of Incidents, Claims, or Suits:
Contractor shall report to County:

(1) Any accident or incident relating to services performed under this Agreement which involves injury or property damage which may result in the filing of a claim or lawsuit against Contractor and/or County. Such report shall be made in writing within twenty-four (24) hours of occurrence.

(2) Any third party claim or lawsuit filed against Contractor arising from or related to services performed by Contractor under this Agreement.

(3) Any injury to a Contractor employee which

occurs on County property. This report shall be submitted on a County "Non-Employee Injury Report" to County contract manager.

(4) Any loss, disappearance, destruction, misuse, or theft of any kind whatsoever of County property, monies, or securities entrusted to Contractor under the terms of this Agreement.

E. Compensation for County Costs: In the event that Contractor fails to comply with any of the indemnification or insurance requirements of this Agreement, and such failure to comply results in any costs to County, Contractor shall pay full compensation for all costs incurred by County.

F. Insurance Coverage Requirements for Subcontractors: Contractor shall ensure any and all subcontractors performing services under this Agreement meet the insurance requirements of this Agreement by either:

(1) Contractor providing evidence of insurance covering the activities of subcontractors, or

(2) Contractor providing evidence submitted by subcontractors evidencing that subcontractors maintain the required insurance coverage. County retains the right to obtain copies of evidence of subcontractor

insurance coverage at any time.

13. INSURANCE COVERAGE REQUIREMENTS:

A. General Liability Insurance (written on Insurance Services Office ["ISO"] policy form "CG 00 01" or its equivalent) with limits of not less than the following:

General Aggregate:	\$2 Million
Products/Completed Operations Aggregate:	\$1 Million
Personal and Advertising Injury:	\$1 Million
Each Occurrence:	\$1 Million

B. Automobile Liability Insurance (written on ISO policy form "CA 00 01" or its equivalent) with a limit of liability of not less than \$1 Million for each accident. Such insurance shall include coverage for all "owned", "hired" and "non-owned" vehicles, or coverage for "any auto".

C. Workers Compensation and Employers' Liability insurance providing workers compensation benefits, as required by the Labor Code of the State of California or by any other state, and for which Contractor is responsible.

In all cases, the above insurance also shall include Employers' Liability coverage with limits of not less than the following:

Each Accident:	\$1 Million
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Disease - Policy Limit: \$1 Million

Disease - Each Employee: \$1 Million

D. Professional Liability Insurance: Insurance covering liability arising from any error, omission, negligent or wrongful act of Contractor, its officers or employees with limits of not less than \$1 Million per occurrence and \$3 Million aggregate. The coverage also shall provide an extended two-year reporting period commencing upon termination or cancellation of this Agreement.

13. CONTRACTOR'S OFFICE: Contractor's primary business office is located at 335 Interlocken Parkway, Broomfield, CO, 80021. Contractor's primary business telephone number is (303) 466-9500 and facsimile/FAX number is (303) 466-5949. Contractor shall notify County, in writing, of any changes made to Contractor's primary business address, business telephone number, and/or facsimile/FAX number used in the provision of services herein, at least ten (10) calendar days prior to the effective date thereof.

If during the term of this Agreement, the Corporate or other legal status of Contractor changes, or the name of the Contractor changes, then Contractor shall notify County's Department of Health Services, Contracts and Grants Division, in writing detailing such changes at least thirty (30) calendar

days prior to the effective date thereof.

14. SUBCONTRACTING:

A. For purposes of this Agreement, subcontracts shall be approved by Director or his/her authorized designee(s). Contractors's request to Director for approval of a subcontract shall include:

(1) Identification of the proposed subcontractor and an explanation of why and how the proposed subcontractor was selected, including the degree of competition involved.

(2) A description of the services to be provided under the subcontract.

(3) The proposed subcontract amount, together with Contractor's cost or price analysis thereof.

(4) A copy of the proposed subcontract. Any later modification of such subcontract shall take the form of a formally written subcontract amendment which must be approved in writing by Director before such amendment is effective.

B. Subcontracts issued pursuant to this Paragraph shall be in writing and shall contain at least the intent of all of the Paragraphs of the body of this Agreement and the requirements of the attachment(s), exhibit(s), and

schedule(s) attached hereto.

C. At least thirty (30) calendar days prior to the subcontract's proposed effective date, Contractor shall submit for review and approval to Director, a copy of the proposed subcontract instrument. With the Director's written approval of the subcontract instrument, the subcontract may proceed.

D. Subcontracts shall be made in the name of Contractor and shall not bind nor purport to bind County. The making of subcontracts hereunder shall not relieve Contractor of any requirement under this Agreement, including, but not limited to, the duty to properly supervise and coordinate the work of subcontractors. Approval of the provisions of any subcontract by County shall not be construed to constitute a determination of the allowability of any cost under this Agreement. In no event shall approval on any subcontract by County be construed as effecting any increase in the amount contained in MAXIMUM OBLIGATION OF COUNTY Paragraph.

E. A fully signed and executed copy of such subcontract shall be provided by Contractor and delivered to County's Director within thirty (30) calendar days after the effective date of subcontract.

15. NOTICES: Any and all notices required, permitted or desired to be given hereunder by one party to the other shall be in writing and shall be delivered to the other party personally or by United States mail, registered or certified, postage prepaid, return receipt requested, to the parties at the following addresses and to the attention of the person named. Director shall have the authority to issue all notices which are required or permitted by County hereunder. Addresses and persons to be notified may be changed by providing at least ten (10) calendar days prior written notice thereof to the parties.

A. Notices to County shall be addressed as follows:

- (1) Department of Health Services
313 North Figueroa Street, Room 912
Los Angeles, California 90012-2659
Attention: Director and Chief Medical Officer
- (2) Office of Managed Care/Community Health Plan
1000 S. Fremont Avenue, Bldg A-9 East
Second Floor, Unit 4
Alhambra, California 91803
Attention: Chief Executive Officer
- (3) Department of Health Services
Contracts and Grants Division
313 North Figueroa Street, 6th Floor - East
Los Angeles, California 90012-2659
Attention: Division Chief

B. Notices to Contractor shall be addressed as follows:

McKesson Health Solutions LLC
335 Interlocken Parkway

Broomfield, CO 80021

Attention: Contract Manager

IN WITNESS WHEREOF, the Board of Supervisors of the County of

Los Angeles has caused this Agreement to be subscribed by its

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Director of Health Services, and Contractor has caused this Agreement to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Bruce A. Chernof, M.D.
Director and Chief Medical Officer

By MCKESSON HEALTH SOLUTIONS LLC
(Contractor)

(Signature)

(Print Name and Title)

(AFFIX CORPORATE SEAL)

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL
RAYMOND G. FORTNER, COUNTY COUNSEL

APPROVED AS TO CONTRACT
ADMINISTRATION: Department of Health Services

By _____
Cara O'Neill, Chief
Contracts and Grants Division

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ADDITIONAL PROVISIONS

1. ADMINISTRATION AND MONITORING:

A. Administration: County's Director of Health Services or his/her authorized designee(s) (hereafter collectively "Director") shall have the authority to administer this Agreement on behalf of County. Director retains professional and administrative responsibility for the services rendered under this Agreement. This general responsibility, however, does not relieve Contractor from its specific duties stated elsewhere under Agreement, including, but not limited to, the obligations: (1) to perform its professional services according to customary quality of care standards in the community and under this Agreement; and (2) to defend County and other named agencies and individuals for claims, and to indemnify them for any resultant damages, based upon Contractor's failure or alleged failure to satisfy such quality of care standards. Contractor shall designate in writing a person who shall have the authority to administer this Agreement on behalf of Contractor. The term "Administrator", when used in this Agreement, shall mean Director's Health Facility Administrator or his/her duly authorized designee.

B. Monitoring: Contractor extends to Director, and to authorized representatives of the County, federal, and State governments, L.A. Care Health Plan, and National Committee for Quality Assurance, the right to review and monitor Contractor's personnel and services, to include on-site visits to Contractor's office(s), and to verify compliance with applicable standards and regulations and with the terms of this Agreement. Further, Contractor agrees to extend to Director the right to review and monitor Contractor's programs, policies, procedures, and financial and/or other records, and to inspect its facilities, or work areas, for contractual compliance at any reasonable time.

All such inspections related to services provided under this Agreement shall be conducted during Contractor's normal business hours in a manner which will not interfere with Contractor's operations. Director shall provide Contractor with at least ten (10) working days prior written notice of any audit/compliance review, unless otherwise waived by Contractor.

2. LICENSES, PERMITS, REGISTRATIONS, ACCREDITATIONS, CERTIFICATES: Contractor shall obtain and maintain during the term of this Agreement, all appropriate licenses, permits, registrations, accreditations, and certificates required by

federal, State, and local law for the operation of its business and for the provision of services hereunder. Contractor shall ensure that all of its officers, employees, and agents who perform services hereunder obtain and maintain in effect during the term of this Agreement, all licenses, permits, registrations, accreditations, and certificates required by federal, State, and local law which are applicable to their performance hereunder. Contractor shall provide a copy of each license, permit, registration, accreditation, and certificate upon request of County's Department of Health Services at any time during the term of this Agreement.

3. NONDISCRIMINATION IN SERVICES: Contractor shall not discriminate in the provision of services hereunder because of race, color, religion, national origin, ethnic group identification, ancestry, sex, age, or condition of physical or mental handicap, in accordance with requirements of Federal and State laws, or in any manner on the basis of the client's/patient's sexual orientation. For the purpose of this Paragraph, discrimination in the provision of services may include, but is not limited to, the following: denying any person any service or benefit or the availability of the facility; providing any service or benefit to any person which is not equivalent, or is provided in a non-equivalent manner, or at a non-equivalent time, from that provided to others;

subjecting any person to segregation or separate treatment in any manner related to the receipt of any service; restricting any person in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service or benefit; and treating any person differently from others in determining admission, enrollment quota, eligibility, membership, or any other requirements or conditions which persons must meet in order to be provided any service or benefit. Contractor shall take affirmative action to ensure that intended beneficiaries of this Agreement are provided services without regard to race, color, religion, national origin, ethnic group identification, ancestry, sex, age, condition of physical or mental handicap, or sexual orientation.

Facility access for handicapped must comply with the Rehabilitation Act of 1973, Section 504, where federal funds are involved, and Title III of the Federal Americans with Disabilities Act of 1990.

Contractor shall further establish and maintain written procedures under which any person, applying for or receiving services hereunder, may seek resolution from Contractor of a complaint with respect to any alleged discrimination in the provision of services by Contractor's personnel. Such procedures shall also include a provision whereby any such person, who is dissatisfied with Contractor's resolution of the

matter, shall be referred by Contractor to the Director for the purpose of presenting his or her complaint of alleged discrimination. Such procedures shall also indicate that if such person is not satisfied with County's resolution or decision with respect to the complaint of alleged discrimination, he or she may appeal the matter to the State Department of Health Services' Affirmative Action Division. At the time any person applies for services under this Agreement, he or she shall be advised by Contractor of these procedures.

A copy of such procedures, as identified hereinabove, shall be posted by Contractor in a conspicuous place, available and open to the public, in each of Contractor's facilities where services are provided hereunder.

4. NONDISCRIMINATION IN EMPLOYMENT:

A. Contractor certifies and agrees, pursuant to the Americans with Disabilities Act, the Rehabilitation Act of 1973, and all other federal and State laws, as they now exist or may hereafter be amended, that it shall not discriminate against any employee or applicant for employment because of, race, color, religion, national origin, ethnic group identification, ancestry, sex, age, or condition of physical or mental handicap, or sexual orientation. Contractor shall take affirmative action to ensure that qualified applicants are employed, and that

employees are treated during employment, without regard to race, color, religion, national origin, ethnic group identification, ancestry, sex, age, condition of physical or mental handicap, or sexual orientation in accordance with requirements of federal and State laws. Such action shall include, but shall not be limited to the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Contractor shall post in conspicuous places in each of Contractor's facilities providing services hereunder, positions available and open to employees and applicants for employment, and notices setting forth the provisions of this Paragraph.

B. Contractor shall, in all solicitations or advertisements for employees placed by or on behalf of Contractor, state that all qualified applicants shall receive consideration for employment without regard to race, color, religion, national origin, ethnic group identification, ancestry, sex, age, condition of physical or mental handicap, or sexual orientation, in accordance with requirements of federal and State laws.

C. Contractor shall send to each labor union or representative of workers with which it has a collective

bargaining agreement or other contract of understanding a notice advising the labor union or workers' representative of Contractor's commitments under this Paragraph.

D. Contractor certifies and agrees that it shall deal with its subcontractors, bidders, or vendors without regard to race, color, religion, national origin, ethnic group identification, ancestry, sex, age, condition of physical or mental handicap, or sexual orientation, in accordance with requirements of federal and State laws.

E. Contractor shall allow federal, State, and County representatives, duly authorized by Director, access to its employment records during regular business hours in order to verify compliance with the anti-discrimination provisions of this Paragraph. Contractor shall provide such other information and records as such representatives may require in order to verify compliance with the anti-discrimination provisions of this Paragraph.

F. If County finds that any provisions of this Paragraph have been violated, the same shall constitute a material breach of contract upon which Director may suspend or County may determine to terminate this Agreement. While County reserves the right to determine independently that the anti-discrimination provisions of this Agreement have been violated, in addition, a determination by the

California Fair Employment Practices Commission or the federal Equal Employment Opportunity Commission that Contractor has violated federal or State anti-discrimination laws shall constitute a finding by County that Contractor has violated the anti-discrimination provisions of this Agreement.

G. The parties agree that in the event Contractor violates any of the anti-discrimination provisions of this Paragraph, County shall be entitled, at its option, to the sum of Five Hundred Dollars (\$500) pursuant to California Civil Code Section 1671 as liquidated damages in lieu of canceling, terminating, or suspending this Agreement.

5. FAIR LABOR STANDARDS ACT: Contractor shall comply with all applicable provisions of the federal Fair Labor Standards Act, and shall indemnify, defend, and hold harmless County, its agents, officers, and employees from any and all liability including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law including, but not limited to, the federal Fair Labor Standards Act for services performed by Contractor's employees for which County may be found jointly or solely liable.

6. EMPLOYMENT ELIGIBILITY VERIFICATION: Contractor warrants that it fully complies with all federal statutes and

regulations regarding employment of aliens and others, and that the temporary personnel referred to County Facilities by Contractor hereunder, including all independent contractor personnel performing services hereunder, meet the citizenship or alien status requirements contained in federal statutes and regulations. Contractor shall obtain, from all such personnel performing services hereunder, all verification and other documentation of employment eligibility status required by federal statutes and regulations as they currently exist and as they may be hereafter amended. Contractor shall retain such documentation for all such personnel for the period prescribed by law. Contractor shall indemnify, defend, and hold harmless County, its officers and employees from employer sanctions and any other liability which may be assessed against Contractor or County in connection with any alleged violation of federal statutes or regulations pertaining to the eligibility for employment of persons performing services under this Agreement.

7. NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW: Contractor shall notify and provide to its officers, employees, and agents, and shall require each of Contractor's subcontractors providing services under this Agreement also notify and provide to its officers, employees, and agents, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely

surrender a baby. County's fact sheet is available on the Internet at www.babysafela.org for printing and review purposes.

8. CONTRACTOR'S ACKNOWLEDGMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW: Contractor acknowledges that County places a high priority on the implementation of the Safely Surrendered Baby Law. Contractor understands that it is County's policy to encourage Contractor and all of its subcontractors, providing services under this Agreement, if any, to voluntarily post the County's "Safely Surrendered Baby Law" poster in a prominent position at their place of business. County's Department of Children and Family Services will supply Contractor with the poster to be used.

9. INDEPENDENT CONTRACTOR STATUS:

A. This Agreement is by and between County and Contractor and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between County and Contractor. The employees and agents of one party shall not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever.

B. Contractor shall be solely liable and responsible for providing to, or on behalf of, its employees all legally required employee benefits. County shall have no liability or responsibility for the payment of any

salaries, wages, unemployment benefits, disability benefits, or other compensation or benefits to any personnel provided by Contractor.

C. Contractor understands and agrees that all persons furnishing services to County pursuant to this Agreement are, for purposes of workers' compensation liability, the sole employees of Contractor and not employees of County. Contractor shall bear the sole liability and responsibility for any and all workers' compensation benefits to any person as a result of injuries arising from or connected with services performed by or on behalf of Contractor pursuant to this Agreement.

10. CONTRACTOR'S WILLINGNESS TO CONSIDER COUNTY'S EMPLOYEES FOR EMPLOYMENT: Contractor agrees to receive referrals from County's Department of Human Resources of qualified permanent employees who are targeted for layoff or qualified former employees who have been laid off and are on a reemployment list during the life of this Agreement. Such referred permanent or former County employees shall be given first consideration of employment as Contractor vacancies occur after the implementation and throughout the term of this Agreement.

Notwithstanding any other provision of this Agreement, the parties do not in any way intend that any person shall acquire

any rights as a third party beneficiary of this Agreement.

11. CONSIDERATION OF COUNTY'S DEPARTMENT OF PUBLIC SOCIAL SERVICES ("DPSS") GREATER AVENUES FOR INDEPENDENCE ("GAIN") OR GENERAL RELIEF OPPORTUNITY FOR WORK ("GROW") PROGRAM

PARTICIPANTS FOR EMPLOYMENT: Should Contractor require additional or replacement personnel after the effective date of this Agreement, Contractor shall give consideration for any such employment openings to participants in the County's DPSS GAIN or GROW Programs, who meet Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that the Contractor will interview qualified candidates. The County will refer GAIN/GROW participants by job category to the Contractor.

In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority.

12. STAFF PERFORMANCE OF SERVICES WHILE UNDER THE INFLUENCE: Contractor shall ensure that no person performs services hereunder while under the influence of any alcoholic beverage, medication, narcotic, or other substance that might impair his/her physical or mental performance.

13. RULES AND REGULATIONS: During the time that Contractor's personnel are at County Facilities such persons shall be subject to the rules and regulations of such County

Facility. It is the responsibility of Contractor to acquaint persons who are to provide services hereunder with such rules and regulations. Contractor shall immediately and permanently withdraw any of its personnel from the provision of services hereunder upon receipt of oral or written notice from Director, that (1) such person has violated said rules or regulations, or (2) such person's actions, while on County premises, indicate that such person may do harm to County patients.

14. RECORDS AND AUDITS:

A. Financial Records: Contractor shall prepare and maintain adequate financial records in accordance with generally accepted accounting principles. All such records shall be sufficient to substantiate all charges billed to County in the performance of this Agreement. All financial records of Contractor pertaining to this Agreement, including accurate books and records of accounts of its costs and operating expenses, and all records of services and personnel provided, as well as all other financial records pertaining to this Agreement shall be retained by Contractor for a minimum of seven (7) years following the end of County's July 1 through June 30 fiscal year in which service was rendered. During such seven (7) year period, as well as during the term of this Agreement, all such records shall be retained by Contractor at Contractor's

Southern California office, if applicable, and shall be made available during County's normal business hours to representatives of County's Auditor-Controller, County's Department of Health Services, and the State of California for purposes of inspection and audit.

B. Federal Access to Records: If, and to the extent that, Section 1861(v)(1)(I) of the Social Security Act [42 U.S.C. Section 1395x(v)(1)(I)] is applicable, Contractor agrees that for a period of five (5) years following the furnishing of services under this Agreement, Contractor shall maintain and make available, upon written request, to the Secretary of the United States Department of Health and Human Services or the Comptroller General of the United States, or to any of their duly authorized representatives, the contract, books, documents and records of Contractor which are necessary to verify the nature and extent of the cost of services provided hereunder. Furthermore, if Contractor carries out any of the services provided hereunder through any subcontract with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve-month period with a related organization (as that term is defined under Federal law), Contractor agrees that each such subcontract shall provide for such access to the

subcontract, books, documents and records of the subcontractor.

C. Audit Reports: In the event that an audit is conducted of Contractor by any federal or State auditor, Contractor shall file a copy of such audit report(s) with County's Auditor-Controller within thirty (30) days of receipt thereof unless otherwise provided under this Agreement, or under applicable State or federal regulations. To the extent permitted by law, County shall maintain the confidentiality of such audit report(s).

D. Audit/Compliance Review: In the event County representatives conduct an audit/compliance review of Contractor, Contractor shall fully cooperate with County's representatives. Contractor shall allow County representatives access to all records of services rendered and all financial records and reports pertaining to this Agreement and shall allow photocopies to be made of these documents utilizing Contractor's photocopier, for which County shall reimburse Contractor its customary charge for record copying services, if requested. Director shall provide Contractor with at least ten (10) working days prior written notice of any audit/compliance review, unless otherwise waived by Contractor.

County may conduct a statistical sample audit/compliance review of all claims paid by County during a specified period. The sample shall be determined in accordance with generally accepted auditing standards. An exit conference shall be held following the performance of such audit/ compliance review at which time the results shall be discussed with Contractor. Contractor shall be provided with a copy of any written evaluation reports.

Contractor shall have the opportunity to review County's findings for Contractor, and Contractor shall have thirty (30) days after receipt of County's audit/compliance review results to provide documentation to the County representatives to resolve the audit exceptions. If, at the end of the thirty (30) day period, there remain audit exceptions which have not been resolved to the satisfaction of County's representatives, then the exception rate found in the audit or sample shall be applied to the total County payment made to Contractor for all claims paid during the audit/compliance review period to determine Contractor's liability to County.

E. County Audit Settlements: If, at any time during the term of this Agreement or at any time within five (5) years after the expiration or earlier termination of this Agreement, authorized representatives of County conduct an

audit of Contractor regarding the services provided to County hereunder and if such audit finds that County's dollar liability for such services is less than payments made by County to Contractor, then Contractor agrees that the difference shall be either: (1) repaid forthwith by Contractor to County by cash payment, or (2) at Director's option, deducted from any further amount due Contractor from County. If such audit finds that County's dollar liability for services provided hereunder is more than payments made by County to Contractor, then the difference shall be paid forthwith to Contractor by County by cash payment.

F. Failure to Comply: Failure of Contractor to comply with the provisions of this Paragraph shall constitute a material breach of this Agreement upon which County shall give Contractor written "Notice of Material Breach". If such breach is not cured within ten (10) working days following the giving of such Notice, then County may, at County's sole discretion, immediately terminate this Agreement pursuant to the provisions of Paragraph 2, TERM, in the body of this Agreement. County's failure to exercise this right of termination shall not constitute waiver of such right, and the same may be exercised at any subsequent time.

15. REPORTS: Contractor shall prepare reports as required by Director concerning Contractor's activities as they relate to the services hereunder. In no event, however, may County require such reports unless Director has provided Contractor with at least thirty (30) calendar days' prior written notification thereof. The specific information required and the report format shall be determined by Director, and may be revised from time-to-time.

16. CONFIDENTIALITY: Contractor agrees to maintain the confidentiality of its records and information including, but not limited to, billings, County records, and client/patient records, in accordance with all applicable federal, State, and local laws, ordinances, rules, regulations, and directives relating to confidentiality. Contractor shall inform all its officers, employees, agents, subcontractors, and others providing services hereunder of said confidentiality provision of this Agreement. Contractor shall indemnify and hold harmless County, its officers, employees, and agents, from and against any and all loss, damage, liability, and expense arising out of any disclosure of such records and information by Contractor, its officers, employees, agents, and subcontractors. Contractor shall provide to County an executed Contractor Acknowledgment and Confidentially Agreement, attached hereto as Exhibit C.—All of proprietary information (as defined in

Section 39) of either party shall be protected from disclosure and misuse by other party as confidential information of Contractor.

17. CONTRACTOR'S OBLIGATIONS AS A BUSINESS ASSOCIATE UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 ("HIPAA"): Under this Agreement, Contractor (also known herein as "Business Associate") provides services ("Services") to County (also known herein as "Covered Entity") in which Business Associate receives, has access to, or creates, Protected Health Information and/or Electronic Protected Health Information in order to provide those Services. Covered Entity is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information ("Privacy Regulations") and the Health Insurance Reform: Security Standards ("Security Regulations") at 45 Code of Federal Regulations Parts 160 and 164 (together, the "Privacy and Security Regulations").

Privacy and Security Regulations require Covered Entity to enter into a contract with Business Associate in order to mandate certain protections for the privacy and security of Protected Health Information, and those Privacy and Security Regulations prohibit the disclosure to or use of Protected

Health Information by Business Associate if such an contract is not in place.

Therefore, the parties agree to the following:

A. DEFINITIONS:

(1) "Disclose" and "Disclosure" means, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner Protected Health Information which is outside of Business Associate's internal operations or to other than its employees.

(2) "Electronic Media" has the same meaning as the term "electronic media" in 45 C.F.R. § 160.103. Further, Electronic Media means: (a) Electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or (b) Transmission media used to exchange information already in electronic storage media. Transmission media includes, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic

storage media. Certain transmissions, including of paper, via facsimile ("FAX"), and of voice, via telephone, are not considered to be transmissions via electronic media, because the information being exchanged did not exist in electronic form before the transmission. The term "electronic media" draws no distinction between internal and external data, at rest (that is, in storage), as well as, during transmission.

(3) "Electronic Protected Health Information" has the same meaning as the term "electronic protected health information" in 45 C.F.R. § 160.103. Further, Electronic Protected Health Information means protected health information that is: (a) transmitted by electronic media, and (b) maintained in electronic media.

(4) "Individual" means the person who is the subject of Protected Health Information and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).

(5) "Protected Health Information" has the same meaning as the term "protected health information" in 45 C.F.R. § 164.501, limited to the information created or received by Business Associate from or on behalf of

Covered Entity. Protected Health Information includes information that (a) relates to the past, present, or future, physical or mental health, or condition of an Individual; the provision of health care to an Individual, or the past, present, or future, payment for the provision of health care to an Individual; (b) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (c) is received by Business Associate from or on behalf of Covered Entity, or is created by Business Associate, or is made accessible to Business Associate by Covered Entity. "Protected Health Information" includes Electronic Health Information.

(6) "Required By Law" means a mandate contained in law that compels an entity to make a Use or Disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court ordered warrants; subpoenas or summons issued by a court, a grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions of

participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing benefits.

(7) "Security Incident" means the attempted or successful unauthorized access, Use, Disclosure, modification, or destruction of information in, or interference with system operations of, an Information System which contains Electronic Protected Health Information. However, Security Incident does not include attempts to access an Information System when those attempts are not reasonably considered by Business Associate to constitute an actual threat to the Information System.

(8) "Services" has the same meaning as used in the body of this Agreement.

(9) "Use" or "Uses" means, with respect to Protected Health Information, the analysis, application, employment, examination, sharing, or utilization of such information within Business Associate's internal operations.

(10) Terms used, but not otherwise defined, in

this Paragraph shall have the same meaning as those terms in the HIPAA Regulations.

B. OBLIGATIONS OF BUSINESS ASSOCIATE:

(1) Permitted Uses and Disclosures of Protected Health Information: Business Associate:

a. Shall Use and Disclose Protected Health Information as necessary to perform the Services, and as provided in this Paragraph's Sections, B.(3), B.(4), B.(5), B.(6), B.(7), B.(8), Subparagraph, D.(3), and Subparagraph, E.(2) of this Agreement;

b. Shall Disclose Protected Health Information to Covered Entity upon request;

c. May, as necessary for the proper management and administration of its business or to carry out its legal responsibilities:

1) Use Protected Health Information;

and

2) Disclose Protected Health

Information if the Disclosure is Required By Law.

Business Associate shall not Use or Disclose Protected Health Information for any other purpose.

(2) Adequate Safeguards for Protected Health

Information: Business Associate:

a. Shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information in any manner other than as permitted by this Paragraph. Business Associate agrees to limit the Use and Disclosure of Protected Health Information to the minimum necessary in accordance with the Privacy Regulation's minimum necessary standard.

b. Effective as of April 20, 2005, specifically as to Electronic Health Information, shall implement and maintain administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of Electronic Protected Health Information.

(3) Reporting Non-Permitted Use or Disclosure and Security Incidents: Business Associate shall report to Covered Entity each Use or Disclosure that is made by Business Associate, its officers, employees, agents, representatives, or subcontractors, but is not specifically permitted by this Agreement, as well as, effective April 20, 2005, each Security Incident of which Business Associate becomes aware. The initial

report shall be made by telephone call to Covered Entity's Departmental Privacy Officer at 1-(800) 711-5366 within forty-eight (48) hours from the time the Business Associate becomes aware of the non-permitted Use, Disclosure, or Security Incident, followed by a full written report no later than ten (10) business days from the date the Business Associate becomes aware of the non-permitted Use, Disclosure, or Security Incident to the Covered Entity's Chief Privacy Officer, at: Chief Privacy Officer; Kenneth Hahn Hall of Administration; 500 West Temple Street, Suite 525; Los Angeles, California 90012.

(4) Mitigation of Harmful Effect: Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Use or Disclosure of Protected Health Information by Business Associate in violation of the requirements of this Paragraph.

(5) Availability of Internal Practices, Books and Records to Government Agencies: Business Associate agrees to make its internal practices, books, and records, relating to the Use and Disclosure of Protected Health Information, available to the Secretary of the federal Department of Health and Human

Services ("DHHS") for purposes of determining Covered Entity's compliance with the Privacy and Security Regulations. Business Associate shall immediately notify Covered Entity of any requests made by the Secretary and provide Covered Entity with copies of any documents produced in response to such request.

(6) Access to Protected Health Information:

Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make the Protected Health Information, specified by Covered Entity available to the Individual(s) identified by Covered Entity as being entitled to access and copy that Protected Health Information. Business Associate shall provide such access for inspection of that Protected Health Information within two (2) business days after receipt of request from Covered Entity. Business Associate shall provide copies of that Protected Health Information within five (5) business days after receipt of request from Covered Entity.

(7) Amendment of Protected Health Information:

Business Associate shall, to the extent Covered Entity determines that any Protected Health Information

constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make any amendments to Protected Health Information that are requested by Covered Entity. Business Associate shall make such amendment within ten (10) business days after receipt of request from Covered

Entity in order for Covered Entity to meet the requirements under 45 C.F.R. § 164.526.

(8) Accounting of Disclosures: Upon Covered Entity's request, Business Associate shall provide to Covered Entity an accounting of each Disclosure of Protected Health Information made by Business Associate or its officers, employees, agents, representatives, or subcontractors. However, Business Associate is not required to provide an accounting of Disclosures that are necessary to perform the Services because such Disclosures are for either payment or health care operations purposes, or both.

Any accounting provided by Business Associate under this Subparagraph B.(8) shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; (c) a brief description of the Protected Health Information disclosed; and (d)

a brief statement of the purpose of the Disclosure.

For each Disclosure that could require an accounting under this Subparagraph B.(8), Business Associate shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure.

Business Associate shall provide to Covered Entity, within ten (10) business days after receipt of request from Covered Entity, information collected in accordance with this Subparagraph B.(8) to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

C. OBLIGATION OF COVERED ENTITY: Covered Entity shall notify Business Associate of any current or future restrictions or limitations on the use of Protected Health Information that would affect Business Associate's performance of Services, and Business Associate shall thereafter restrict or limit its own uses and disclosures accordingly.

D. TERM AND TERMINATION:

(1) Term: The term of this Paragraph, shall be the same as the term of this Agreement. Business Associate's obligations under this Paragraph's

subparagraph(s) B.(1) (as modified by Subparagraph D.(2)), B.(3), B.(4), B.(5), B.(6), B.(7), B.(8), Subparagraph D.(3) and Subparagraph E.(2) shall all survive the termination or expiration of this Agreement.

(2) Termination for Cause: In addition to and notwithstanding the termination provisions set forth in this Agreement, upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:

a. Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;

b. Immediately terminate this Agreement if Business Associate has breached a material term of this Agreement and cure is not possible; or

c. If neither termination nor cure are feasible, Covered Entity shall report the violation to the Secretary of the federal DHHS.

(3) Disposition of Protected Health Information Upon Termination or Expiration:

a. Except as provided in Sub-subparagraph
b. of this section, upon termination for any
reason or expiration of this Agreement, Business
Associate shall return or destroy all Protected
Health Information received from Covered Entity
or created, or received, by Business Associate on
behalf of Covered Entity. This provision shall
apply to Protected Health Information that is in
the possession of agents, representatives, or
subcontractors, of Business Associate. Business
Associate shall retain no copies of the Protected
Health Information.

b. In the event that Business Associate
determines that returning or destroying the
Protected Health Information is infeasible,
Business Associate shall provide to Covered
Entity notification of the conditions that make
it infeasible. If return or destruction is
infeasible, Business Associate shall extend the
protections of this Agreement, to such Protected
Health Information and limit further Uses and
Disclosures of such Protected Health Information
to those purposes that make the return or
destruction infeasible, for so long as Business

Associate maintains such Protected Health Information.

E. MISCELLANEOUS:

(1) No Third Party Beneficiaries: Nothing in this Paragraph shall confer upon any person other than the parties and their respective successors or assignees, any rights, remedies, obligations, or liabilities whatsoever.

(2) Use of Agents, Representatives, and/or Subcontractors: Business Associate shall require each of its agents, representatives, and/or subcontractors, that receive Protected Health Information from Business Associate, or create Protected Health Information for Business Associate, on behalf of Covered Entity, to execute a written agreement obligating the agent, representative, and/or subcontractor to comply with all the terms of this Paragraph.

(3) Relationship to Services Agreement Provisions: In the event that a provision of this Paragraph is contrary to another provision of this Agreement, the provision of this Paragraph shall control. Otherwise, this Paragraph shall be construed

under, and in accordance with, the terms of this Agreement.

(4) Regulatory References: A reference in this Paragraph to a section in the Privacy and Security Regulations means the section as currently in effect, or may hereafter be amended.

(5) Interpretation: Any ambiguity in this Paragraph shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy Regulations.

(6) Amendment: The parties agree to take such action as is necessary to amend this Paragraph from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Regulations.

18. COUNTY'S QUALITY ASSURANCE PLAN: County or its agent will evaluate Contractor's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Contractor's compliance with all contract terms and performance standards. Contractor deficiencies which County determines are severe or continuing and that may place performance of this Agreement in jeopardy if not corrected will be reported to the Board of Supervisors. The report will include improvement/corrective action measures taken by County

and Contractor. If improvement does not occur consistent with the corrective action measures, County may terminate this Agreement or impose other penalties as specified in this Agreement.

19. RESTRICTIONS ON LOBBYING:

A. Federal Certification and Disclosure Requirement:

If any federal monies are to be used to pay for Contractor's services under this Agreement, Contractor shall comply with all certification and disclosure requirements prescribed by Section 319, Public Law 101-121 (Title 31, U.S.C., Section 1352) and any implementing regulations, and shall ensure that each of its subcontractors receiving funds provided under this Agreement also fully comply with all such certification and disclosure requirements.

B. County Lobbyists: Contractor and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010, retained by Contractor, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of Contractor or any County lobbyist or County lobbying firm retained by Contractor to fully comply with the County Lobbyist Ordinance shall constitute a material breach of

contract upon which Director may suspend or County may immediately terminate this Agreement.

20. UNLAWFUL SOLICITATION: Contractor shall require all of its employees performing services hereunder to acknowledge in writing understanding of and agreement to comply with the provisions of Article 9 of Chapter 4 of Division 3 (commencing with Section 6150) of the Business and Professions Code of the State of California (i.e., State Bar Act provisions regarding unlawful solicitation as a runner or capper for attorneys) and shall take positive and affirmative steps in its performance hereunder to ensure that there is no violation of such provisions by its employees. Contractor shall utilize the attorney referral services of all those bar associations within Los Angeles County that have such a service.

21. CONFLICT OF INTEREST:

A. No County employee whose position in County enables him/her to influence the award or administration of this Agreement or any competing agreement, and no spouse or economic dependent of such employee, shall be employed in any capacity by Contractor, or have any other direct or indirect financial interest in this Agreement. No officer or employee of Contractor who may financially benefit from the provision of services hereunder shall in any way participate in County's approval, or ongoing evaluation, of

such services, or in any way attempt to unlawfully influence County's approval or ongoing evaluation of such services.

B. Contractor shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Agreement. Contractor warrants that it is not now aware of any facts which create a conflict of interest. If Contractor hereafter becomes aware of any facts which might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to Director. Full written disclosure shall include, without limitation, identification of all persons implicated and complete description of all relevant circumstances.

22. PROHIBITION AGAINST ASSIGNMENT AND DELEGATION:

A. Contractor shall not assign its rights or delegate its duties under this Agreement, or both, whether in whole or in part, without prior written consent of County. Any assignment or delegation which does not have such prior County consent shall be null and void. For purposes of this Paragraph, such County consent shall require a written amendment to this Agreement which is formally approved and executed by the parties. Any billings to County by any delegatee or assignee on any

claim under this Agreement, absent such County consent, shall not be paid by County. Any payments by County to any delegatee or assignee on any claim under this Agreement, in consequence of such County consent, shall reduce dollar for dollar any claims which Contractor may have against County and shall be subject to set-off, recoupment, or other reduction for any claims which County may have against Contractor, whether under this Agreement or otherwise.

B. Shareholders or partners, or both, of Contractor may sell, exchange, assign, divest, or otherwise transfer any interest they may have therein. However, in the event any such sale, exchange, assignment, divestment, or other transfer is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of this Agreement, then prior written consent thereof by County's Board of Supervisors shall be required. Any payments by County to Contractor on any claim under this Agreement shall not waive or constitute such County consent. Consent to any such sale, exchange, assignment, divestment, or other transfer shall be refused only if County, in its sole judgement, determines that the transferee(s) is (are) lacking in experience, capability,

or financial ability to perform all Agreement services and other work. This in no way limits any County right found elsewhere in this Agreement, including, but not limited to, any right to terminate this Agreement.

C. Any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, shall be a material breach of the Agreement which may result in the termination of the Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.

23. CONTRACTOR'S EXCLUSION FROM PARTICIPATION IN A FEDERALLY FUNDED PROGRAM: Contractor hereby warrants that neither it nor any of its staff members is restricted or excluded from providing services under any health care program funded by the federal government, directly or indirectly, in whole or in part, and that Contractor will notify Director within thirty (30) calendar days in writing of: (1) any event that would require Contractor or a staff member's mandatory

exclusion from participation in a Federally funded health care program; and (2) any exclusionary action taken by any agency of the federal government against Contractor or one or more staff members barring it or the staff members from participation in a federally funded health care program, whether such bar is direct or indirect, or whether such bar is in whole or in part.

Contractor shall indemnify and hold County harmless against any and all loss or damage County may suffer arising from any federal exclusion of Contractor or its staff members from such participation in a federally funded health care program.

Failure by Contractor to meet the requirements of this Paragraph shall constitute a material breach of contract upon which County may immediately terminate or suspend this Agreement.

24. COMPLIANCE WITH APPLICABLE LAW:

A. Contractor shall comply with all federal, State, and local laws, ordinances, regulations, rules, and directives, applicable to its performance hereunder, as they are now enacted or may hereafter be amended.

B. Contractor shall indemnify and hold harmless County from and against any and all loss, damage, liability, or expense resulting from any violation on the part of Contractor, its officers, employees, or agents, of

such federal, State, or local laws, ordinances, regulations, rules, or directives.

25. FORCE MAJEURE: Neither party shall be liable for such party's failure to perform its obligations under and in accordance with this Agreement, if such failure arises out of fires, floods, epidemics, quarantine restrictions, other natural occurrences, strikes, lockouts (other than a lockout by such party or any of such party's subcontractors), freight embargoes, or other similar events to those described above, but in every such case the failure to perform must be totally beyond the control and without any fault or negligence of such party (such events are referred to in this sub-paragraph as "force majeure events").

Notwithstanding the foregoing, a default by a subcontractor of Contractor shall not constitute a force majeure event, unless such default arises out of causes beyond the control of both Contractor and such subcontractor, and without any fault or negligence of either of them. In such case, Contractor shall not be liable for failure to perform, unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit Contractor to meet the required performance schedule. As used in this sub-paragraph, the term "subcontractor" and "subcontractors" mean subcontractors at any tier.

In the event Contractor's failure to perform arises out of a force majeure event, Contractor agrees to use commercially reasonable best efforts to obtain goods or services from other sources, if applicable, and to otherwise mitigate the damages and reduce the delay caused by such force majeure event.

26. AUTHORIZATION WARRANTY: Contractor hereby represents and warrants that the person executing this Agreement for Contractor is an authorized agent who has actual authority to bind Contractor to each and every term, condition, and obligation set forth in this Agreement and that all requirements of Contractor have been fulfilled to provide such actual authority.

27. RESOLICITATION OF BIDS OR PROPOSALS: Contractor acknowledges that County, prior to expiration or earlier termination of this Agreement, may exercise its right to invite bids or request proposals for the continued provision of the services delivered or contemplated under this Agreement. County and its Department of Health Services shall make the determination to resolicit bids or request proposals in accordance with applicable County and Department of Health Services policies.

Contractor acknowledges that County may enter into a contract for the future provision of services, based upon the bids or proposals received, with a provider or providers other

than Contractor. Further, Contractor acknowledges that it obtains no greater right to be selected through any future invitation for bids or request for proposals by virtue of its present status as Contractor.

28. CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM:

A. Contractor acknowledges that County has established a goal of ensuring that all individuals who benefit financially from County through contract are in compliance with their court-ordered child, family, and spousal support obligations in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

As required by County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting Contractor's duty under this Agreement to comply with all applicable provisions of law, Contractor warrants that it is now in compliance and shall during the term of this Agreement maintain in compliance with employment and wage reporting requirements as required by the federal Social Security Act [(42 USC section 653a)] and California Unemployment Insurance Code section 1088.55, and shall implement all lawfully served Wage and Earnings Withholdings Orders or Child Support Services Department

("CSSD") Notices of Wage and Earnings Assignment for Child, Family, or Spousal Support, pursuant to Code of Civil Procedure section 706.031 and Family Code section 5246(b).

B. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM:

Failure of Contractor to maintain compliance with the requirements set forth in the "Contractor's Warranty of Adherence to County's Child Support Compliance Program" Paragraph immediately above, shall constitute default by Contractor under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement failure of Contractor to cure such default within ninety (90) calendar days of written notice by County shall be grounds upon which County may terminate this contract pursuant to the "Termination for Default" Paragraph of this Agreement, and pursue debarment of Contractor, pursuant to County Code Chapter 2.202.

29. CONTRACTOR RESPONSIBILITY AND DEBARMENT:

A. A responsible contractor is a contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the contract. It is the County's policy to conduct business only with responsible contractors.

B. The Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if the County acquires information concerning the performance of the Contractor on this or other contracts which indicates that the Contractor is not responsible, the County may, in addition to other remedies provided in the contract, debar the Contractor from bidding or proposing on, or being awarded, and/or performing work on County contracts for a specified period of time, which generally will not exceed five (5) years but may exceed five (5) years or be permanent if warranted by the circumstances, and terminate any or all existing contracts the Contractor may have with the County.

C. The County may debar a Contractor if the Board of Supervisors finds, in its discretion, that the Contractor has done any of the following: (1) violated a term of a contract with the County or a nonprofit corporation created by the County; (2) committed any act or omission which negatively reflects on Contractor's quality, fitness or capacity to perform a contract with the County, any other public entity, or a nonprofit corporation created by the County, or engaged in a pattern or practice which negatively reflects on same; (3) committed an act or offense which indicates a lack of business integrity or

business honesty, or (4) made or submitted a false claim against County or any other public entity.

D. If there is evidence that Contractor may be subject to debarment, the Department will notify the Contractor in writing of the evidence which is the basis for the proposed debarment and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.

E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether the contractor should be debarred, and, if so, the appropriate length of time of the debarment. The Contractor and the Department shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.

F. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of

Supervisors. The Board of Supervisors shall have the right to modify, deny or adopt the proposed decision and recommendation of the Hearing Board.

G. If a Contractor has been debarred for a period longer than five (5) years, that Contractor may, after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Contractor has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the County.

H. The Contractor Hearing Board will consider a request for review of a debarment determination only where (1) the Contractor has been debarred for a period longer than five (5) years; (2) the debarment has been in effect for at least five (5) years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an

appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.

The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

I. These terms shall also apply to subcontractors of County Contractors.

30. NOTICE TO EMPLOYEES REGARDING THE FEDERAL EARNED

INCOME CREDIT: Contractor shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in

accordance with the requirements set forth in Internal Revenue Service Notice 1015.

31. COMPLIANCE WITH JURY SERVICE PROGRAM:

A. Jury Service Program: This Agreement is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code.

B. Written Employee Jury Service Policy:

(1) Unless Contractor has demonstrated to the County's satisfaction either that Contractor is not a "contractor" as defined under the Jury Service Program (Section 2.203.020 of the County Code) or that Contractor qualifies for an exception to the Jury Service Program (Section 2.203.070 of the County Code), Contractor shall have and adhere to a written policy that provides that its Employees shall receive from Contractor, on an annual basis, no less than five (5) days of regular pay for actual jury service.

Contractor's policy may further provide that employees deposit any fees received for such jury service with Contractor or that Contractor deduct from the employee's regular pay the fees received for jury service.

(2) For purposes of this Paragraph, and as set forth in the Jury Service Program provision of the County Code as described hereinabove: "Contractor" shall mean a person, partnership, corporation or other entity, that has a contract with County, or a subcontract with a County Contractor, and has received, or will receive, an aggregate sum of Fifty Thousand Dollars (\$50,000) or more in any twelve (12) month period under one (1) or more County contracts or subcontracts; "employee" shall mean any California resident who is a full-time employee of Contractor; and "full-time" shall mean forty (40) hours or more worked per week, or a lesser number of hours, if: (1) the lesser number is a recognized industry standard as determined by County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time.

Full-time employees providing short-term temporary services of ninety (90) days or less within a twelve (12) month period are not considered full-time for purposes of the Jury Service Program. If Contractor uses any subcontractor to perform services for County under this Agreement, the subcontractor shall also be subject to the provisions of this

Paragraph. The provisions of this Paragraph shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

(3) If Contractor is not required to comply with the Jury Service Program on the effective date of this Agreement, Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Contractor shall immediately notify County if Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if Contractor no longer qualifies for an exception to the Jury Service Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. County may also require, at any time during the Agreement term, and at its sole discretion, that Contractor demonstrate to County's satisfaction that Contractor either continues to remain outside of the Jury Service Program's definition of "contractor" and/or that Contractor continues to qualify for an exception to the Program.

(4) Contractor's violation of this Paragraph may constitute a material breach of this Agreement. In the event of such material breach, County may, in its sole discretion, terminate this Agreement and/or bar Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach.

32. COMPLAINTS: Contractor shall develop, maintain and operate procedures for receiving, investigating and responding to complaints. Within thirty (30) calendar days after the effective date of this Agreement, Contractor shall provide County with the Contractor's policy for receiving, investigating and responding to user complaints.

County will review the Contractor's policy and provide Contractor with approval of said plan or with requested changes.

If County requests changes in the Contractor's policy, Contractor shall make such changes and resubmit the plan within five (5) business days for County approval. If, at any time, Contractor wishes to change Contractor's policy, Contractor shall submit proposed changes to County for approval before implementation.

Contractor shall preliminarily investigate all complaints and notify the County's Project Manager of the status of the investigation within five (5) business days of receiving the

complaint. When complaints cannot be resolved informally, a system of follow-through shall be instituted which adheres to formal plans for specific actions and strict time deadlines.

Copies of all written responses shall be sent to County's Project Manager within three (3) business days of mailing to the complainant.

33. LIQUIDATED DAMAGES:

A. If, in the judgment of the Director, Contractor is deemed to be non-compliant with the terms and obligations assumed hereby, the Director, at his/her option, in addition to, or in lieu of, other remedies provided herein, may withhold or deduct pro rata from the Contractor's invoice for work not performed. The work not performed and the amount to be withheld from payments to the Contractor from the County will be forwarded to Contractor by the Director in a written notice describing the reasons for said action.

B. If the Director determines that there are deficiencies in the performance of this Contract that the Director deems are correctable by Contractor over a certain time span, the Director will provide a written notice to Contractor to correct the deficiency within specified time frames. Should Contractor fail to correct deficiencies within said time frame, the Director may:

(1) Deduct from the Contractor's payment, pro rata, those applicable portions of the Monthly Contract Sum; and/or

(2) Upon giving five (5) days notice to Contractor for failure to correct the deficiencies, the County may correct any and all deficiencies and the total costs incurred by the County for completion of the work by an alternate source, whether it be County forces or separate private contractor, will be deducted and forfeited from the payment to Contractor from the County, as determined by the County.

C. The action noted in Subparagraphs A and B shall not be construed as a penalty, but as adjustment of payment to the Contractor to recover the County cost due to the failure of Contractor to complete or comply with the provisions of this Contract.

D. This Subparagraph shall not, in any manner, restrict or limit the County's right to damages for any breach of this Agreement provided by law or as specified in Subparagraph B, and shall not, in any manner, restrict or limit the County's right to terminate this Agreement as agreed to herein.

E. The Payments to the Contract shall not be withheld for any failure to achieve any financial outcomes

or Performance Outcome Measures as defined in Exhibits A and B.

34. WARRANTY AGAINST CONTINGENT FEES: Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon any Contract or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business.

For breach of this warranty, the County shall have the right to terminate this Contract and, at its sole discretion, deduct from the Contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

35. NOTICE OF DELAYS: Except as otherwise provided under this Agreement, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Agreement, that party shall, with one (1) business day, give notice thereof, including all relevant information with respect thereto, to the other party.

36. NOTICE OF DISPUTES: Contractor shall bring to the attention of the County's Project Manager and/or County's Project Director any dispute between County and Contractor regarding the performance of services as stated in this

Agreement. If County's Project Manager or County's Project Director is not able to resolve the dispute, the Director shall resolve it.

37. PUBLICITY: Contractor shall not disclose any details in connection with this Agreement to any person or entity except as may be otherwise provided hereunder or required by law. However, in recognizing Contractor's need to identify its services and related clients to sustain itself, County shall not inhibit Contractor from publishing its role under this Agreement within the following conditions: (1) Contractor shall develop all publicity material in a professional manner; and (2) During the term of this Agreement, Contractor shall not, and shall not authorize another to, publish or disseminate any commercial advertisements, press releases, feature articles, or other materials using the name of County without the prior written consent of County's Project Director. County shall not unreasonably withhold written consent.

Contractor may, without the prior written consent of County, indicate in its proposals and sales materials that is has been awarded this Agreement with the County of Los Angeles, provided that the requirements of this paragraph shall apply.

38. USE OF RECYCLED-CONTENT PAPER: Consistent with County's Board of Supervisors policy to reduce the amount of solid waste deposited at County landfills, Contractor agrees to

use recycled-content bond paper and paper products to the maximum extent possible in connection with services to be performed by Contractor under this Agreement.

39. PROPRIETARY RIGHTS: Both parties retain all of their rights, title and interest in and to and ownership of all copyrights, trademarks, trade secrets, patents and all other industrial and intellectual property embodied in its processes and systems. Contractor makes no grant to County of any right to use or copy, in any way, the forms, materials, computer programs, or systems, whether computerized or not, by which services under the terms of the Agreement are provided by Contractor. County makes no grant to Contractor of any right to use or copy, in any way, the forms, materials, computer programs, or systems, whether computerized or not.

40. NONEXCLUSIVITY: Contractor acknowledges that it is not the exclusive provider to County of the services to be provided under this Agreement, that County has, or intends to enter into, contracts with other providers of such services, and that County reserves the right to itself perform the services with its own County personnel. During the term of this Agreement, Contractor agrees to provide County with the services described in the Agreement.

41. CONSTRUCTION: To the extent there are any rights, duties, obligations, or responsibilities enumerated in the

recitals or otherwise in this Agreement, they shall be deemed a part of the operative provisions of this Agreement and are fully binding upon the parties.

42. GOVERNING LAWS, JURISDICTION, AND VENUE: This Agreement shall be governed by, and construed in accordance with, the laws of the State of California. Contractor hereby agrees and consents to submit to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Agreement and further agrees and consents that venue of any action (other than an appeal or an enforcement of a judgement) brought by Contractor, on Contractor's behalf, or on the behalf of any subcontractor which arises from this Agreement or is concerning or connected with services performed pursuant to this Agreement, shall be exclusively in the courts of the State of California located in Los Angeles County, California.

43. WAIVER: No waiver of any breach of any provision of this Agreement by County shall constitute a waiver of any other breach of such provision. Failure of County to enforce at any time, or from time to time, any provision of this Agreement shall not be construed as a waiver thereof. The remedies herein reserved shall be cumulative and in addition to any other remedies in law or equity.

44. SEVERABILITY: If any provisions of this Agreement or the application thereof to any person or circumstance is held

invalid, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby.

EXHIBIT A

Nurse Advice Line and Disease/Care Management Services Agreement

DESCRIPTION OF SERVICES

1. SCOPE OF SERVICES-COMMUNITY HEALTH PLAN (CHP): The purpose of this Agreement is to provide the CHP with nurse advice line, disease management, complex case management, and wellness management services.

The County of Los Angeles' Department of Health Services (DHS) operates the Community Health Plan (CHP), a State-licensed health plan that uses a managed care model to provide patient care and services to members enrolled under the following Product Lines: Medi-Cal Managed Care Program, Healthy Families Program, In-Home Supportive Services Program. The CHP plans to seek accreditation as a Managed Care Organization (MCO) for certain Product Lines from the National Committee for Quality Assurance (NCQA), which is an independent, non-profit organization that surveys and accredits health plans meeting a high standard of care. NCQA accreditation shall ensure that CHP develops and maintains the industry's "best practices" in the areas of quality of patient care and services, confidentiality, consumer protection, access, patient safety and continuous quality improvement. Services provided to CHP members include nurse advice line, disease management, complex case management, wellness management, when indicated.

2. SCOPE OF SERVICES-HEALTHY WAY L.A. (HWLA): The purpose of this Agreement is to provide HWLA with nurse advice line services. Healthy Way L.A. is a County healthcare program funded under the

State's Coverage Initiative to establish medical homes for low-income, uninsured County adult residents with chronic illness, or at risk for developing chronic conditions or those who are chronic users of DHS services with no medical home.

3. STATEMENT OF WORK: Contractor agrees to provide services to County as described in the "Statement of Work" attached hereto as Exhibit A-1, and incorporated herein by reference.

Contractor shall respond to County with specific and detailed Responsibilities/Tasks/Deliverables documentation sufficient to explain its ability to meet the criteria including staff qualifications, organizational structure, and staffing requirements no later than thirty (30) days after Board approval has been obtained.

A. Contractor Management Services-The Contractor is required to perform all necessary management responsibilities to ensure contract compliance. The Contractor shall provide General Management services and duties as they apply to the program. These include, but are not limited to: Organizing effective and efficient business processes; Developing a comprehensive business strategy for managing services; Planning for those areas considered critical to performance of the contract and supporting them with appropriate Policies and Procedures; and Appointing competent managers, supervisors, lead persons, technical staff, and licensed and unlicensed personnel. Contractor's personnel shall have sufficient training, experience, knowledge or other qualities to enable them to properly undertake the

responsibilities, and have the knowledge to understand the work involved have the capacity to apply these to the tasks required.

B. **Contractor Administrative Services**-Contractor shall provide sufficient supervisory, administrative and direct services to Contractor personnel to accomplish the services required under this Contract. County may request that any Contractor employee/worker be removed from performing any services directly related to the subject matter of this Agreement.

C. **Contractor Performance Outcome Measures**-The Agreement includes Performance Outcome Measures as specified in the Statement of Work, Exhibit A-1 for nurse advice line, disease management, complex case management, and wellness management services. Parties recognize that no fees or penalties are applicable to Performance Outcome Measures.

D. **Contractor Performance Requirements Standards**-This Agreement includes standards of Contractor's performance related to each Program. A Technical Exhibit shall be provided by Contractor no later than thirty (30) days after Board approval has been obtained, that includes Contractor's plan on how each NCQA Standard (if applicable), applicable state and federal regulations will be met or exceeded. If Program is NCQA Accredited, Contractor shall include evidence of current accreditation, documentation, and provide ongoing accreditation updates during the term of this Agreement.

E. Contractor Personnel Training-Contractor shall ensure that staff is provided appropriate training to ensure effective and efficient service delivery prior to providing services under this Agreement.

F. Contractor Staff-Contractor shall provide services as outlined in the Statement of Work (SOW) and shall be responsible for the overall day-to-day activities, management and coordination of the Agreement and liaison activities with County. The Contractor shall provide qualified staff including appropriately licensed/credentialed personnel to meet the needs and requirements of the Program services outlined in the Statement of Work. Duties of Contractor shall include, but is not necessarily limited to the following: Administrative supervision and management oversight of the contracted services; Preparation and submission of monthly, quarterly or annual reports, invoices and other required documentation; Oversight of all Agreement requirements, including any subcontractor services; Ensure contract compliance; Medical supervision and oversight of health care staff; Participate in monitoring activities and meetings with County staff and On-call availability for emergency situations.

G. Contractor Staff Desirable Minimum Qualifications (for licensed and unlicensed staff)-Contractor's staff shall have extensive experience including working in such programs, as described in the SOW, knowledge and understanding of program-related problems and principles, program expertise and knowledge

of County contract compliance, knowledge of contract requirements, budgets and invoicing processes, ability to document staff work activities and provide administrative supervision and oversight, and ability to plan and organize service activities of staff.

H. Contractor Quality Control/Improvement Plan (QC/IP) - Contractor shall utilize a comprehensive QC/IP to assure the County of a consistently high level of quality and service throughout the term of this Agreement. The QC/IP is subject to review by the County. Revisions to the Plan shall be submitted as changes occur during the term of the Agreement.

The QC/IP shall include, but not be limited to the following: Method for assuring that professional staff providing services under this Agreement have qualifying experience; Method for monitoring to ensure that Agreement requirements are being met; Method for monitoring subcontractors, if any, for compliance with established standards and quality of services; Method for identifying, preventing and correcting deficiencies in the quality of service before the level of performance becomes unacceptable; Method for assuring that confidentiality of patients'/members' information is maintained; Method for a program participant to submit a grievance for proper review and resolution; Method for resolving problems and addressing any participant grievances that shall include, but is not limited to, when the problem was first identified and the corrective action taken (Report shall be provided to the County upon request); and

Method for monitoring progress towards achieving performance measures.

I. **Contractor Discrepancy Reports**-Written notification of a Contract discrepancy shall be made to Contractor by County, as soon as possible, whenever a Contract discrepancy is identified. The responsible party must resolve the problem within a reasonable time period mutually agreed upon by the County and the Contractor. The County shall determine whether a formal CDR shall be issued. Upon receipt of this document, Contractor is required to respond in writing to the County within five (5) business days, acknowledging the reported discrepancies or presenting contrary evidence. A plan, including a timetable, for correction of all deficiencies must follow.

If a Contract Discrepancy Report (CDR) is issued, and at the discretion of the County, a meeting shall be held within five (5) business days, as mutually agreed, to discuss the problem. In the event that Contractor is unable to satisfactorily resolve the discrepancy, the County shall submit a written statement to Contractor within ten (10) business days from the date of receipt of the signed action items. County's statement shall be attached to the PEM minutes and be a part thereof. Failure of Contractor to provide a written statement of response shall result in the acceptance of the action items as written. If any dispute is still unresolved, the decision of County shall be final.

J. **Performance Evaluation Meetings (PEM)**-The County and Contractor shall jointly hold PEMs at County's discretion, no

EXHIBIT 1

Contract No. H-_____

DEPARTMENT OF HEALTH SERVICES



NURSE ADVICE LINE AND DISEASE/CARE MANAGEMENT
SERVICES AGREEMENT

BY AND BETWEEN

COUNTY OF LOS ANGELES

AND

MCKESSON HEALTH SOLUTIONS LLC

NURSE ADVICE LINE AND
DISEASE/CARE MANAGEMENT SERVICES AGREEMENT

THIS AGREEMENT is made and entered into this _____
day of _____, 2007,

by and between COUNTY OF LOS ANGELES
(hereafter "County"),

and MCKESSON HEALTH SOLUTIONS LLC
(hereafter "Contractor").

WHEREAS, the County's Department of Health Services ("DHS") has established the Healthy Way L.A. (HWLA) Program under the State's Coverage Initiative for low-income, uninsured County adult residents with chronic conditions such as diabetes and hypertension, as well as patients nearing Medicare-eligible age and those who have been using DHS facilities in a prolonged but uncoordinated manner; and

WHEREAS, County has established and operates, through the DHS' Community Health Plan ("CHP"), a health maintenance organization duly licensed as a full service, health care service plan under the California Knox-Keene Health Care Service Plan Act of 1975, as amended ("Knox-Keene Act"); and

WHEREAS, DHS desires the Contractor's services to provide nurse advice line and disease/care management services for HWLA and CHP enrollees; and

WHEREAS, Contractor possesses the competence, expertise, and access to qualified personnel required to provide services described hereunder and has offered its resources to County to carry out the objectives of the program; and

WHEREAS, Contractor is willing to provide the services described herein for and in consideration of the payments provided under this Agreement and under the terms and conditions hereafter set forth; and

WHEREAS, pursuant to sections 26227 and 31000 of the California Government Code, and section 1451 of the Health and Safety Code, County is authorized to contract for these services.

NOW, THEREFORE, the parties hereto agree as follows:

1. TERM:

A. This Agreement shall be effective upon date of approval by the County Board of Supervisors (Board), and shall continue, unless sooner terminated or canceled, in whole or in part, as provided in this Agreement in full force and effect to and including January 31, 2011.

~~B. County authorizes the Director or his designee Contractor, the option to extend this Agreement up to two (2) additional one year periods ("Extension Year").~~

C. As used herein and except where expressly stated to the contrary, the "Term" shall mean the Initial Term,

and if extended, each Extension Year ("Option Term"), as the case may be.

D. County shall notify Contractor of any determination to extend this Agreement not less than thirty (30) calendar days before any extension period is to begin.

2. TERMINATION OF AGREEMENT:

A. Without Cause Termination: Either party may terminate this Agreement, in whole or in part, at any time and for any reason, without cause, by giving at least one hundred eighty (180) calendar days advanced written notice thereof to the other party in accordance with the NOTICES Paragraph below, such termination to occur as of midnight of the last day of the calendar month during which the last day of such one hundred eighty (180) calendar days period occurs.

B. Cause for Termination of Agreement: In the event of a material breach of this Agreement by either party, the other party may terminate this Agreement by giving written notice of termination specifying the material breach to the breaching party. Such termination shall be effective immediately upon giving of such notice.

Prior to either party providing written notice of termination to the other party, Director and authorized officers of Contractor shall meet and confer within ten

(10) business days of the date the non-breaching party becomes aware of the breach to discuss the reasons for the contemplated termination of this Agreement. After such meeting, the non-breaching party shall not initiate termination under this Paragraph if it:

(1) Agrees with the breaching party's remedial plan of action to cure the material breach. However, in the event that the non-breaching party determines that the breaching party has failed to execute its plan of action, then the non-breaching party may immediately terminate this Agreement as provided under this Paragraph without any obligation to further meet and confer with the breaching party; or

(2) Agrees that the breaching party has already cured the material breach; or

(3) Agrees that the reasons for the contemplated termination are inappropriate.

C. TERMINATION FOR DEFAULT: Subparagraph 2.B.

hereof notwithstanding, either party may terminate this Agreement, effective immediately upon written notice to the other party, if such other party should lose any material license, permit, or agreement required to enable such party to perform its obligations and duties under this Agreement.

D. TERMINATION FOR INSOLVENCY: Subparagraph 2.B.

hereof notwithstanding, either party may terminate this Agreement, effective immediately upon written notice to the other party, or at a later date as may be specified in such notice, if such other party files for bankruptcy, insolvency, reorganization, or the appointment of a receiver, trustee, or conservator for any of its assets, or makes an assignment for the benefit of its creditors, which termination shall be effective immediately upon delivery of, or on such later date as may be specified in such notice.

E. TERMINATION FOR FRAUD OR MATERIAL

MISREPRESENTATION: Subparagraph 2.B. hereof

notwithstanding, either party may terminate this Agreement immediately upon written notice if the other party has engaged in fraud or material misrepresentation as to this Agreement, as determined by a tribunal of competent jurisdiction, or terminating party based upon verifiable, factual evidence.

F. TERMINATION FOR IMPROPER CONSIDERATION:

Subparagraph 2.B. hereof notwithstanding, County may, by written notice to Contractor, immediately terminate the right of Contractor to proceed under this Agreement if it is found that consideration, in any form, was offered or

given by Contractor, either directly or through an intermediary, to any County officer, employee, or agent, with the intent of securing the Agreement or securing favorable treatment with respect to the award, amendment, or extension of the Agreement, or making of any determinations with respect to Contractor's performance pursuant to the Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could in the event of default by Contractor.

Contractor shall immediately report any attempt by a County officer, employee, or agent, to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861.

Among other items, such improper consideration may take the form of cash, discounts, services, the provision of travel or entertainment, or tangible gifts.

The rights and remedies of County provided in this Paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

3. DESCRIPTION OF SERVICES: Contractor shall provide services for eligible HwLA and CHP enrollees in a manner described in Exhibit "A", DESCRIPTION OF SERVICES and Exhibit A-1, STATEMENT OF WORK, attached hereto and incorporated herein by reference.

4. MAXIMUM OBLIGATION OF COUNTY:

A. The "Maximum Obligation" under this Agreement shall be the total monetary amount payable by County to Contractor for supplying all tasks, subtasks, deliverables, goods, services and other work specified under this Agreement. The Maximum Obligation for this Agreement, including all applicable taxes, authorized by County hereunder is Eleven Million, Ninety-Four Thousand, Nine Hundred Thirty Dollars (\$11,094,930) as set forth in Exhibit C, BUDGET.

B. In addition to the provisions set forth in this Paragraph, Director may add any funding specified under this Subparagraph B contingent upon prior approvals by County Counsel and the Chief Executive Office as well as execution of an administrative amendment prior to any such funding adjustment.

(1) Director may increase the Maximum Obligation up to a maximum of ~~25 percent (25%)~~ 15 percent (15%) of the total Maximum Obligation over the term of the

Agreement to ensure the provision of services in the event of an increase in HWLA and/or CHP enrollment.

~~(2) Director may increase the Maximum Obligation in the event that Director decides to extend the term as provided in Paragraph 1.B. based on the current rates in Exhibit B, BILLING AND PAYMENT. Director may also adjust such rates and the Maximum Obligation for the Extension Year(s) based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index (CPI) for the Los Angeles Riverside Orange County Area for the most recently published percentage change for the 12 month period preceding the Agreement anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the County's Chief Executive Office (CEO) as of each July 1 for the prior 12 month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County employee salaries no cost of living adjustments will be granted.~~

~~Contractor shall request said adjustment six (6) months prior to the then current Extension Year~~

~~expiration date. If so approved by County, the
adjusted rates shall take effective upon County's
exercise of the subsequent Extension Year.~~

All changes under this Paragraph shall be made in
accordance with Paragraph 10, ALTERATION OF TERMS.

5. BILLING AND PAYMENT: County agrees to compensate
Contractor for services provided pursuant to this Agreement in
accordance with the terms, conditions, and amounts set forth in
Exhibit "B", BILLING AND PAYMENT, attached hereto and
incorporated herein by reference.

6. NON-APPROPRIATION OF FUNDS CONDITION: County shall
not be obligated for Contractor's performance hereunder or by
any provision of this Agreement during any of County's fiscal
years (July 1 - June 30) unless and until County's Board of
Supervisors appropriates funds for this Agreement in County's
Budget for each fiscal year. If County's Board of Supervisors
fails to appropriate funds for any fiscal year, this Agreement
shall be deemed to have terminated, in whole or in part, on June
30th of the immediate prior fiscal year for which such funds
were appropriated. County shall notify Contractor in writing of
such non-allocation of funds at the earliest possible date.

7. NO PAYMENT FOR SERVICES PROVIDED FOLLOWING EXPIRATION/
TERMINATION OF AGREEMENT: Contractor shall have no claim
against County for payment of any money or reimbursement, of any

kind whatsoever, for any service provided by Contractor after the expiration or other termination of this Agreement. Should Contractor receive any such payment it shall immediately notify County and shall immediately repay all such funds to County.

Payment by County for services rendered after expiration/termination of this Agreement shall not constitute a waiver of County's right to recover such payment from Contractor. This provision shall survive the expiration or other termination of this Agreement.

8. ADDITIONAL PROVISIONS: Attached hereto and incorporated herein by reference, is a document labeled "ADDITIONAL PROVISIONS", of which the terms and conditions therein contained are part of this Agreement.

9. CONFLICT OF TERMS: To the extent there exists any conflict or inconsistency between the language of this Agreement and that of any exhibit(s) attached hereto, and any other documents incorporated herein by reference, the language found within this Agreement shall govern and prevail.

10. ALTERATION OF TERMS: This Agreement, together with the exhibits(s), schedules, and any other documents referenced or attached hereto, fully expresses all understandings of the parties concerning all matters covered and shall constitute the total Agreement. No addition to, or alteration of, the terms of this Agreement, whether by written or verbal understanding of

the parties, their officers, employees, or agents, shall be valid unless made in the form of a written amendment to this Agreement which is formally approved and executed by the parties, as provided immediately below.

A. The County reserves the right to initiate change notices that do not materially affect the scope, term, maximum obligation or payments under this Agreement. All such changes shall be accomplished with an executed Change Notice signed by Director and Contractor.

B. For any change which affects the scope of work, term, maximum obligation, payments, or any term or condition included under this Agreement, an Amendment shall be prepared and executed by Director and Contractor.

C. The County's Board of Supervisors or Chief Executive Officer or designee may require the addition and/or change of certain terms and conditions in the Agreement during the term of this Agreement. The County reserves the right to add and/or change such provisions as required by the County's Board of Supervisors or Chief Executive Officer. To implement such changes, an Amendment to the Contract shall be prepared and executed by the Contractor and by the Director.

11. INDEMNIFICATION: Contractor shall indemnify, defend, and hold harmless County and its Special Districts, elected and

appointed officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with Contractor's acts and/or omissions arising from and/or relating to this Agreement.

12. GENERAL INSURANCE REQUIREMENTS: Without limiting Contractor's indemnification of County and during the term of this Agreement, Contractor shall provide and maintain, and shall require all of its subcontractors to maintain, the following programs of insurance specified in this Agreement. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by County, and such coverage shall be provided and maintained at Contractor's own expense.

A. Evidence of Insurance: Certificate(s) or other evidence of coverage satisfactory to County shall be delivered to Director at the: Department of Health Services; Contracts and Grants Division; 313 North Figueroa Street, 6th Floor East; Los Angeles, California 90012-2659, prior to commencing services under this Agreement. Such certificates or other evidence shall:

- (1) Specifically identify this Agreement.
- (2) Clearly evidence all coverages required in

this Agreement.

(3) Contain the express condition that County is to be given written notice by mail at least thirty (30) calendar days in advance of cancellation for all policies evidenced on the certificate of insurance.

(4) Include copies of the additional insured endorsement to the commercial general liability policy, adding County of Los Angeles, its Special Districts, its officials, officers, and employees as insured for all activities arising from this Agreement.

(5) Identify any deductibles or self-insured retentions for County's approval. County retains the right to require Contractor to reduce or eliminate such deductibles or self-insured retentions as they apply to County, or, require Contractor to provide a bond guaranteeing payment of all such retained losses and related costs, including, but not limited to, expenses or fees, or both, related to investigations, claims administrations, and legal defense. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

B. Insurer Financial Ratings: Insurance is to be provided by an insurance company acceptable to County with an A.M. Best rating of not less than A-:VII, unless

otherwise approved by County.

C. Failure to Maintain Coverage: Failure by Contractor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to County, shall constitute a material breach of contract upon which County may immediately terminate or suspend this Agreement. County, at its sole option, may obtain damages from Contractor resulting from said breach. Alternatively, County may purchase such required insurance coverage, and without further notice to Contractor, County may deduct from sums due to Contractor any premium costs advanced by County for such insurance.

D. Notification of Incidents, Claims, or Suits:
Contractor shall report to County:

(1) Any accident or incident relating to services performed under this Agreement which involves injury or property damage which may result in the filing of a claim or lawsuit against Contractor and/or County. Such report shall be made in writing within twenty-four (24) hours of occurrence.

(2) Any third party claim or lawsuit filed against Contractor arising from or related to services performed by Contractor under this Agreement.

(3) Any injury to a Contractor employee which

occurs on County property. This report shall be submitted on a County "Non-Employee Injury Report" to County contract manager.

(4) Any loss, disappearance, destruction, misuse, or theft of any kind whatsoever of County property, monies, or securities entrusted to Contractor under the terms of this Agreement.

E. Compensation for County Costs: In the event that Contractor fails to comply with any of the indemnification or insurance requirements of this Agreement, and such failure to comply results in any costs to County, Contractor shall pay full compensation for all costs incurred by County.

F. Insurance Coverage Requirements for Subcontractors: Contractor shall ensure any and all subcontractors performing services under this Agreement meet the insurance requirements of this Agreement by either:

(1) Contractor providing evidence of insurance covering the activities of subcontractors, or

(2) Contractor providing evidence submitted by subcontractors evidencing that subcontractors maintain the required insurance coverage. County retains the right to obtain copies of evidence of subcontractor

insurance coverage at any time.

13. INSURANCE COVERAGE REQUIREMENTS:

A. General Liability Insurance (written on Insurance Services Office ["ISO"] policy form "CG 00 01" or its equivalent) with limits of not less than the following:

General Aggregate:	\$2 Million
Products/Completed Operations Aggregate:	\$1 Million
Personal and Advertising Injury:	\$1 Million
Each Occurrence:	\$1 Million

B. Automobile Liability Insurance (written on ISO policy form "CA 00 01" or its equivalent) with a limit of liability of not less than \$1 Million for each accident. Such insurance shall include coverage for all "owned", "hired" and "non-owned" vehicles, or coverage for "any auto".

C. Workers Compensation and Employers' Liability insurance providing workers compensation benefits, as required by the Labor Code of the State of California or by any other state, and for which Contractor is responsible.

In all cases, the above insurance also shall include Employers' Liability coverage with limits of not less than the following:

Each Accident:	\$1 Million
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Disease - Policy Limit: \$1 Million

Disease - Each Employee: \$1 Million

D. Professional Liability Insurance: Insurance covering liability arising from any error, omission, negligent or wrongful act of Contractor, its officers or employees with limits of not less than \$1 Million per occurrence and \$3 Million aggregate. The coverage also shall provide an extended two-year reporting period commencing upon termination or cancellation of this Agreement.

13. CONTRACTOR'S OFFICE: Contractor's primary business office is located at 335 Interlocken Parkway, Broomfield, CO, 80021. Contractor's primary business telephone number is (303) 466-9500 and facsimile/FAX number is (303) 466-5949. Contractor shall notify County, in writing, of any changes made to Contractor's primary business address, business telephone number, and/or facsimile/FAX number used in the provision of services herein, at least ten (10) calendar days prior to the effective date thereof.

If during the term of this Agreement, the Corporate or other legal status of Contractor changes, or the name of the Contractor changes, then Contractor shall notify County's Department of Health Services, Contracts and Grants Division, in writing detailing such changes at least thirty (30) calendar

days prior to the effective date thereof.

14. SUBCONTRACTING:

A. For purposes of this Agreement, subcontracts shall be approved by Director or his/her authorized designee(s). Contractors's request to Director for approval of a subcontract shall include:

(1) Identification of the proposed subcontractor and an explanation of why and how the proposed subcontractor was selected, including the degree of competition involved.

(2) A description of the services to be provided under the subcontract.

(3) The proposed subcontract amount, together with Contractor's cost or price analysis thereof.

(4) A copy of the proposed subcontract. Any later modification of such subcontract shall take the form of a formally written subcontract amendment which must be approved in writing by Director before such amendment is effective.

B. Subcontracts issued pursuant to this Paragraph shall be in writing and shall contain at least the intent of all of the Paragraphs of the body of this Agreement and the requirements of the attachment(s), exhibit(s), and

schedule(s) attached hereto.

C. At least thirty (30) calendar days prior to the subcontract's proposed effective date, Contractor shall submit for review and approval to Director, a copy of the proposed subcontract instrument. With the Director's written approval of the subcontract instrument, the subcontract may proceed.

D. Subcontracts shall be made in the name of Contractor and shall not bind nor purport to bind County. The making of subcontracts hereunder shall not relieve Contractor of any requirement under this Agreement, including, but not limited to, the duty to properly supervise and coordinate the work of subcontractors. Approval of the provisions of any subcontract by County shall not be construed to constitute a determination of the allowability of any cost under this Agreement. In no event shall approval on any subcontract by County be construed as effecting any increase in the amount contained in MAXIMUM OBLIGATION OF COUNTY Paragraph.

E. A fully signed and executed copy of such subcontract shall be provided by Contractor and delivered to County's Director within thirty (30) calendar days after the effective date of subcontract.

15. NOTICES: Any and all notices required, permitted or desired to be given hereunder by one party to the other shall be in writing and shall be delivered to the other party personally or by United States mail, registered or certified, postage prepaid, return receipt requested, to the parties at the following addresses and to the attention of the person named. Director shall have the authority to issue all notices which are required or permitted by County hereunder. Addresses and persons to be notified may be changed by providing at least ten (10) calendar days prior written notice thereof to the parties.

A. Notices to County shall be addressed as follows:

- (1) Department of Health Services
313 North Figueroa Street, Room 912
Los Angeles, California 90012-2659
Attention: Director and Chief Medical Officer
- (2) Office of Managed Care/Community Health Plan
1000 S. Fremont Avenue, Bldg A-9 East
Second Floor, Unit 4
Alhambra, California 91803
Attention: Chief Executive Officer
- (3) Department of Health Services
Contracts and Grants Division
313 North Figueroa Street, 6th Floor - East
Los Angeles, California 90012-2659
Attention: Division Chief

B. Notices to Contractor shall be addressed as follows:

McKesson Health Solutions LLC
335 Interlocken Parkway

Broomfield, CO 80021

Attention: Contract Manager

IN WITNESS WHEREOF, the Board of Supervisors of the County of

Los Angeles has caused this Agreement to be subscribed by its

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Director of Health Services, and Contractor has caused this Agreement to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Bruce A. Chernof, M.D.
Director and Chief Medical Officer

By MCKESSON HEALTH SOLUTIONS LLC
(Contractor)

(Signature)

(Print Name and Title)

(AFFIX CORPORATE SEAL)

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL
RAYMOND G. FORTNER, COUNTY COUNSEL

APPROVED AS TO CONTRACT
ADMINISTRATION: Department of Health Services

By _____
Cara O'Neill, Chief
Contracts and Grants Division

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ADDITIONAL PROVISIONS

1. ADMINISTRATION AND MONITORING:

A. Administration: County's Director of Health Services or his/her authorized designee(s) (hereafter collectively "Director") shall have the authority to administer this Agreement on behalf of County. Director retains professional and administrative responsibility for the services rendered under this Agreement. This general responsibility, however, does not relieve Contractor from its specific duties stated elsewhere under Agreement, including, but not limited to, the obligations: (1) to perform its professional services according to customary quality of care standards in the community and under this Agreement; and (2) to defend County and other named agencies and individuals for claims, and to indemnify them for any resultant damages, based upon Contractor's failure or alleged failure to satisfy such quality of care standards. Contractor shall designate in writing a person who shall have the authority to administer this Agreement on behalf of Contractor. The term "Administrator", when used in this Agreement, shall mean Director's Health Facility Administrator or his/her duly authorized designee.

B. Monitoring: Contractor extends to Director, and to authorized representatives of the County, federal, and State governments, L.A. Care Health Plan, and National Committee for Quality Assurance, the right to review and monitor Contractor's personnel and services, to include on-site visits to Contractor's office(s), and to verify compliance with applicable standards and regulations and with the terms of this Agreement. Further, Contractor agrees to extend to Director the right to review and monitor Contractor's programs, policies, procedures, and financial and/or other records, and to inspect its facilities, or work areas, for contractual compliance at any reasonable time.

All such inspections related to services provided under this Agreement shall be conducted during Contractor's normal business hours in a manner which will not interfere with Contractor's operations. Director shall provide Contractor with at least ten (10) working days prior written notice of any audit/compliance review, unless otherwise waived by Contractor.

2. LICENSES, PERMITS, REGISTRATIONS, ACCREDITATIONS, CERTIFICATES: Contractor shall obtain and maintain during the term of this Agreement, all appropriate licenses, permits, registrations, accreditations, and certificates required by

federal, State, and local law for the operation of its business and for the provision of services hereunder. Contractor shall ensure that all of its officers, employees, and agents who perform services hereunder obtain and maintain in effect during the term of this Agreement, all licenses, permits, registrations, accreditations, and certificates required by federal, State, and local law which are applicable to their performance hereunder. Contractor shall provide a copy of each license, permit, registration, accreditation, and certificate upon request of County's Department of Health Services at any time during the term of this Agreement.

3. NONDISCRIMINATION IN SERVICES: Contractor shall not discriminate in the provision of services hereunder because of race, color, religion, national origin, ethnic group identification, ancestry, sex, age, or condition of physical or mental handicap, in accordance with requirements of Federal and State laws, or in any manner on the basis of the client's/patient's sexual orientation. For the purpose of this Paragraph, discrimination in the provision of services may include, but is not limited to, the following: denying any person any service or benefit or the availability of the facility; providing any service or benefit to any person which is not equivalent, or is provided in a non-equivalent manner, or at a non-equivalent time, from that provided to others;

subjecting any person to segregation or separate treatment in any manner related to the receipt of any service; restricting any person in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service or benefit; and treating any person differently from others in determining admission, enrollment quota, eligibility, membership, or any other requirements or conditions which persons must meet in order to be provided any service or benefit. Contractor shall take affirmative action to ensure that intended beneficiaries of this Agreement are provided services without regard to race, color, religion, national origin, ethnic group identification, ancestry, sex, age, condition of physical or mental handicap, or sexual orientation.

Facility access for handicapped must comply with the Rehabilitation Act of 1973, Section 504, where federal funds are involved, and Title III of the Federal Americans with Disabilities Act of 1990.

Contractor shall further establish and maintain written procedures under which any person, applying for or receiving services hereunder, may seek resolution from Contractor of a complaint with respect to any alleged discrimination in the provision of services by Contractor's personnel. Such procedures shall also include a provision whereby any such person, who is dissatisfied with Contractor's resolution of the

matter, shall be referred by Contractor to the Director for the purpose of presenting his or her complaint of alleged discrimination. Such procedures shall also indicate that if such person is not satisfied with County's resolution or decision with respect to the complaint of alleged discrimination, he or she may appeal the matter to the State Department of Health Services' Affirmative Action Division. At the time any person applies for services under this Agreement, he or she shall be advised by Contractor of these procedures.

A copy of such procedures, as identified hereinabove, shall be posted by Contractor in a conspicuous place, available and open to the public, in each of Contractor's facilities where services are provided hereunder.

4. NONDISCRIMINATION IN EMPLOYMENT:

A. Contractor certifies and agrees, pursuant to the Americans with Disabilities Act, the Rehabilitation Act of 1973, and all other federal and State laws, as they now exist or may hereafter be amended, that it shall not discriminate against any employee or applicant for employment because of, race, color, religion, national origin, ethnic group identification, ancestry, sex, age, or condition of physical or mental handicap, or sexual orientation. Contractor shall take affirmative action to ensure that qualified applicants are employed, and that

employees are treated during employment, without regard to race, color, religion, national origin, ethnic group identification, ancestry, sex, age, condition of physical or mental handicap, or sexual orientation in accordance with requirements of federal and State laws. Such action shall include, but shall not be limited to the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Contractor shall post in conspicuous places in each of Contractor's facilities providing services hereunder, positions available and open to employees and applicants for employment, and notices setting forth the provisions of this Paragraph.

B. Contractor shall, in all solicitations or advertisements for employees placed by or on behalf of Contractor, state that all qualified applicants shall receive consideration for employment without regard to race, color, religion, national origin, ethnic group identification, ancestry, sex, age, condition of physical or mental handicap, or sexual orientation, in accordance with requirements of federal and State laws.

C. Contractor shall send to each labor union or representative of workers with which it has a collective

bargaining agreement or other contract of understanding a notice advising the labor union or workers' representative of Contractor's commitments under this Paragraph.

D. Contractor certifies and agrees that it shall deal with its subcontractors, bidders, or vendors without regard to race, color, religion, national origin, ethnic group identification, ancestry, sex, age, condition of physical or mental handicap, or sexual orientation, in accordance with requirements of federal and State laws.

E. Contractor shall allow federal, State, and County representatives, duly authorized by Director, access to its employment records during regular business hours in order to verify compliance with the anti-discrimination provisions of this Paragraph. Contractor shall provide such other information and records as such representatives may require in order to verify compliance with the anti-discrimination provisions of this Paragraph.

F. If County finds that any provisions of this Paragraph have been violated, the same shall constitute a material breach of contract upon which Director may suspend or County may determine to terminate this Agreement. While County reserves the right to determine independently that the anti-discrimination provisions of this Agreement have been violated, in addition, a determination by the

California Fair Employment Practices Commission or the federal Equal Employment Opportunity Commission that Contractor has violated federal or State anti-discrimination laws shall constitute a finding by County that Contractor has violated the anti-discrimination provisions of this Agreement.

G. The parties agree that in the event Contractor violates any of the anti-discrimination provisions of this Paragraph, County shall be entitled, at its option, to the sum of Five Hundred Dollars (\$500) pursuant to California Civil Code Section 1671 as liquidated damages in lieu of canceling, terminating, or suspending this Agreement.

5. FAIR LABOR STANDARDS ACT: Contractor shall comply with all applicable provisions of the federal Fair Labor Standards Act, and shall indemnify, defend, and hold harmless County, its agents, officers, and employees from any and all liability including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law including, but not limited to, the federal Fair Labor Standards Act for services performed by Contractor's employees for which County may be found jointly or solely liable.

6. EMPLOYMENT ELIGIBILITY VERIFICATION: Contractor warrants that it fully complies with all federal statutes and

regulations regarding employment of aliens and others, and that the temporary personnel referred to County Facilities by Contractor hereunder, including all independent contractor personnel performing services hereunder, meet the citizenship or alien status requirements contained in federal statutes and regulations. Contractor shall obtain, from all such personnel performing services hereunder, all verification and other documentation of employment eligibility status required by federal statutes and regulations as they currently exist and as they may be hereafter amended. Contractor shall retain such documentation for all such personnel for the period prescribed by law. Contractor shall indemnify, defend, and hold harmless County, its officers and employees from employer sanctions and any other liability which may be assessed against Contractor or County in connection with any alleged violation of federal statutes or regulations pertaining to the eligibility for employment of persons performing services under this Agreement.

7. NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW: Contractor shall notify and provide to its officers, employees, and agents, and shall require each of Contractor's subcontractors providing services under this Agreement also notify and provide to its officers, employees, and agents, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely

surrender a baby. County's fact sheet is available on the Internet at www.babysafela.org for printing and review purposes.

8. CONTRACTOR'S ACKNOWLEDGMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW: Contractor acknowledges that County places a high priority on the implementation of the Safely Surrendered Baby Law. Contractor understands that it is County's policy to encourage Contractor and all of its subcontractors, providing services under this Agreement, if any, to voluntarily post the County's "Safely Surrendered Baby Law" poster in a prominent position at their place of business. County's Department of Children and Family Services will supply Contractor with the poster to be used.

9. INDEPENDENT CONTRACTOR STATUS:

A. This Agreement is by and between County and Contractor and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between County and Contractor. The employees and agents of one party shall not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever.

B. Contractor shall be solely liable and responsible for providing to, or on behalf of, its employees all legally required employee benefits. County shall have no liability or responsibility for the payment of any

salaries, wages, unemployment benefits, disability benefits, or other compensation or benefits to any personnel provided by Contractor.

C. Contractor understands and agrees that all persons furnishing services to County pursuant to this Agreement are, for purposes of workers' compensation liability, the sole employees of Contractor and not employees of County. Contractor shall bear the sole liability and responsibility for any and all workers' compensation benefits to any person as a result of injuries arising from or connected with services performed by or on behalf of Contractor pursuant to this Agreement.

10. CONTRACTOR'S WILLINGNESS TO CONSIDER COUNTY'S EMPLOYEES FOR EMPLOYMENT: Contractor agrees to receive referrals from County's Department of Human Resources of qualified permanent employees who are targeted for layoff or qualified former employees who have been laid off and are on a reemployment list during the life of this Agreement. Such referred permanent or former County employees shall be given first consideration of employment as Contractor vacancies occur after the implementation and throughout the term of this Agreement.

Notwithstanding any other provision of this Agreement, the parties do not in any way intend that any person shall acquire

any rights as a third party beneficiary of this Agreement.

11. CONSIDERATION OF COUNTY'S DEPARTMENT OF PUBLIC SOCIAL SERVICES ("DPSS") GREATER AVENUES FOR INDEPENDENCE ("GAIN") OR GENERAL RELIEF OPPORTUNITY FOR WORK ("GROW") PROGRAM

PARTICIPANTS FOR EMPLOYMENT: Should Contractor require additional or replacement personnel after the effective date of this Agreement, Contractor shall give consideration for any such employment openings to participants in the County's DPSS GAIN or GROW Programs, who meet Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that the Contractor will interview qualified candidates. The County will refer GAIN/GROW participants by job category to the Contractor.

In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority.

12. STAFF PERFORMANCE OF SERVICES WHILE UNDER THE INFLUENCE: Contractor shall ensure that no person performs services hereunder while under the influence of any alcoholic beverage, medication, narcotic, or other substance that might impair his/her physical or mental performance.

13. RULES AND REGULATIONS: During the time that Contractor's personnel are at County Facilities such persons shall be subject to the rules and regulations of such County

Facility. It is the responsibility of Contractor to acquaint persons who are to provide services hereunder with such rules and regulations. Contractor shall immediately and permanently withdraw any of its personnel from the provision of services hereunder upon receipt of oral or written notice from Director, that (1) such person has violated said rules or regulations, or (2) such person's actions, while on County premises, indicate that such person may do harm to County patients.

14. RECORDS AND AUDITS:

A. Financial Records: Contractor shall prepare and maintain adequate financial records in accordance with generally accepted accounting principles. All such records shall be sufficient to substantiate all charges billed to County in the performance of this Agreement. All financial records of Contractor pertaining to this Agreement, including accurate books and records of accounts of its costs and operating expenses, and all records of services and personnel provided, as well as all other financial records pertaining to this Agreement shall be retained by Contractor for a minimum of seven (7) years following the end of County's July 1 through June 30 fiscal year in which service was rendered. During such seven (7) year period, as well as during the term of this Agreement, all such records shall be retained by Contractor at Contractor's

Southern California office, if applicable, and shall be made available during County's normal business hours to representatives of County's Auditor-Controller, County's Department of Health Services, and the State of California for purposes of inspection and audit.

B. Federal Access to Records: If, and to the extent that, Section 1861(v)(1)(I) of the Social Security Act [42 U.S.C. Section 1395x(v)(1)(I)] is applicable, Contractor agrees that for a period of five (5) years following the furnishing of services under this Agreement, Contractor shall maintain and make available, upon written request, to the Secretary of the United States Department of Health and Human Services or the Comptroller General of the United States, or to any of their duly authorized representatives, the contract, books, documents and records of Contractor which are necessary to verify the nature and extent of the cost of services provided hereunder. Furthermore, if Contractor carries out any of the services provided hereunder through any subcontract with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve-month period with a related organization (as that term is defined under Federal law), Contractor agrees that each such subcontract shall provide for such access to the

subcontract, books, documents and records of the subcontractor.

C. Audit Reports: In the event that an audit is conducted of Contractor by any federal or State auditor, Contractor shall file a copy of such audit report(s) with County's Auditor-Controller within thirty (30) days of receipt thereof unless otherwise provided under this Agreement, or under applicable State or federal regulations. To the extent permitted by law, County shall maintain the confidentiality of such audit report(s).

D. Audit/Compliance Review: In the event County representatives conduct an audit/compliance review of Contractor, Contractor shall fully cooperate with County's representatives. Contractor shall allow County representatives access to all records of services rendered and all financial records and reports pertaining to this Agreement and shall allow photocopies to be made of these documents utilizing Contractor's photocopier, for which County shall reimburse Contractor its customary charge for record copying services, if requested. Director shall provide Contractor with at least ten (10) working days prior written notice of any audit/compliance review, unless otherwise waived by Contractor.

County may conduct a statistical sample audit/compliance review of all claims paid by County during a specified period. The sample shall be determined in accordance with generally accepted auditing standards. An exit conference shall be held following the performance of such audit/ compliance review at which time the results shall be discussed with Contractor. Contractor shall be provided with a copy of any written evaluation reports.

Contractor shall have the opportunity to review County's findings for Contractor, and Contractor shall have thirty (30) days after receipt of County's audit/compliance review results to provide documentation to the County representatives to resolve the audit exceptions. If, at the end of the thirty (30) day period, there remain audit exceptions which have not been resolved to the satisfaction of County's representatives, then the exception rate found in the audit or sample shall be applied to the total County payment made to Contractor for all claims paid during the audit/compliance review period to determine Contractor's liability to County.

E. County Audit Settlements: If, at any time during the term of this Agreement or at any time within five (5) years after the expiration or earlier termination of this Agreement, authorized representatives of County conduct an

audit of Contractor regarding the services provided to County hereunder and if such audit finds that County's dollar liability for such services is less than payments made by County to Contractor, then Contractor agrees that the difference shall be either: (1) repaid forthwith by Contractor to County by cash payment, or (2) at Director's option, deducted from any further amount due Contractor from County. If such audit finds that County's dollar liability for services provided hereunder is more than payments made by County to Contractor, then the difference shall be paid forthwith to Contractor by County by cash payment.

F. Failure to Comply: Failure of Contractor to comply with the provisions of this Paragraph shall constitute a material breach of this Agreement upon which County shall give Contractor written "Notice of Material Breach". If such breach is not cured within ten (10) working days following the giving of such Notice, then County may, at County's sole discretion, immediately terminate this Agreement pursuant to the provisions of Paragraph 2, TERM, in the body of this Agreement. County's failure to exercise this right of termination shall not constitute waiver of such right, and the same may be exercised at any subsequent time.

15. REPORTS: Contractor shall prepare reports as required by Director concerning Contractor's activities as they relate to the services hereunder. In no event, however, may County require such reports unless Director has provided Contractor with at least thirty (30) calendar days' prior written notification thereof. The specific information required and the report format shall be determined by Director, and may be revised from time-to-time.

16. CONFIDENTIALITY: Contractor agrees to maintain the confidentiality of its records and information including, but not limited to, billings, County records, and client/patient records, in accordance with all applicable federal, State, and local laws, ordinances, rules, regulations, and directives relating to confidentiality. Contractor shall inform all its officers, employees, agents, subcontractors, and others providing services hereunder of said confidentiality provision of this Agreement. Contractor shall indemnify and hold harmless County, its officers, employees, and agents, from and against any and all loss, damage, liability, and expense arising out of any disclosure of such records and information by Contractor, its officers, employees, agents, and subcontractors. Contractor shall provide to County an executed Contractor Acknowledgment and Confidentiality Agreement, attached hereto as Exhibit C.—All of proprietary information (as defined in

Section 39) of either party shall be protected from disclosure and misuse by other party as confidential information of Contractor.

17. CONTRACTOR'S OBLIGATIONS AS A BUSINESS ASSOCIATE UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 ("HIPAA"): Under this Agreement, Contractor (also known herein as "Business Associate") provides services ("Services") to County (also known herein as "Covered Entity") in which Business Associate receives, has access to, or creates, Protected Health Information and/or Electronic Protected Health Information in order to provide those Services. Covered Entity is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information ("Privacy Regulations") and the Health Insurance Reform: Security Standards ("Security Regulations") at 45 Code of Federal Regulations Parts 160 and 164 (together, the "Privacy and Security Regulations").

Privacy and Security Regulations require Covered Entity to enter into a contract with Business Associate in order to mandate certain protections for the privacy and security of Protected Health Information, and those Privacy and Security Regulations prohibit the disclosure to or use of Protected

Health Information by Business Associate if such an contract is not in place.

Therefore, the parties agree to the following:

A. DEFINITIONS:

(1) "Disclose" and "Disclosure" means, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner Protected Health Information which is outside of Business Associate's internal operations or to other than its employees.

(2) "Electronic Media" has the same meaning as the term "electronic media" in 45 C.F.R. § 160.103. Further, Electronic Media means: (a) Electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or (b) Transmission media used to exchange information already in electronic storage media. Transmission media includes, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic

storage media. Certain transmissions, including of paper, via facsimile ("FAX"), and of voice, via telephone, are not considered to be transmissions via electronic media, because the information being exchanged did not exist in electronic form before the transmission. The term "electronic media" draws no distinction between internal and external data, at rest (that is, in storage), as well as, during transmission.

(3) "Electronic Protected Health Information" has the same meaning as the term "electronic protected health information" in 45 C.F.R. § 160.103. Further, Electronic Protected Health Information means protected health information that is: (a) transmitted by electronic media, and (b) maintained in electronic media.

(4) "Individual" means the person who is the subject of Protected Health Information and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).

(5) "Protected Health Information" has the same meaning as the term "protected health information" in 45 C.F.R. § 164.501, limited to the information created or received by Business Associate from or on behalf of

Covered Entity. Protected Health Information includes information that (a) relates to the past, present, or future, physical or mental health, or condition of an Individual; the provision of health care to an Individual, or the past, present, or future, payment for the provision of health care to an Individual; (b) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (c) is received by Business Associate from or on behalf of Covered Entity, or is created by Business Associate, or is made accessible to Business Associate by Covered Entity. "Protected Health Information" includes Electronic Health Information.

(6) "Required By Law" means a mandate contained in law that compels an entity to make a Use or Disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court ordered warrants; subpoenas or summons issued by a court, a grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions of

participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing benefits.

(7) "Security Incident" means the attempted or successful unauthorized access, Use, Disclosure, modification, or destruction of information in, or interference with system operations of, an Information System which contains Electronic Protected Health Information. However, Security Incident does not include attempts to access an Information System when those attempts are not reasonably considered by Business Associate to constitute an actual threat to the Information System.

(8) "Services" has the same meaning as used in the body of this Agreement.

(9) "Use" or "Uses" means, with respect to Protected Health Information, the analysis, application, employment, examination, sharing, or utilization of such information within Business Associate's internal operations.

(10) Terms used, but not otherwise defined, in

this Paragraph shall have the same meaning as those terms in the HIPAA Regulations.

B. OBLIGATIONS OF BUSINESS ASSOCIATE:

(1) Permitted Uses and Disclosures of Protected Health Information: Business Associate:

a. Shall Use and Disclose Protected Health Information as necessary to perform the Services, and as provided in this Paragraph's Sections, B.(3), B.(4), B.(5), B.(6), B.(7), B.(8), Subparagraph, D.(3), and Subparagraph, E.(2) of this Agreement;

b. Shall Disclose Protected Health Information to Covered Entity upon request;

c. May, as necessary for the proper management and administration of its business or to carry out its legal responsibilities:

1) Use Protected Health Information;

and

2) Disclose Protected Health

Information if the Disclosure is Required By Law.

Business Associate shall not Use or Disclose Protected Health Information for any other purpose.

(2) Adequate Safeguards for Protected Health

Information: Business Associate:

a. Shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information in any manner other than as permitted by this Paragraph. Business Associate agrees to limit the Use and Disclosure of Protected Health Information to the minimum necessary in accordance with the Privacy Regulation's minimum necessary standard.

b. Effective as of April 20, 2005, specifically as to Electronic Health Information, shall implement and maintain administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of Electronic Protected Health Information.

(3) Reporting Non-Permitted Use or Disclosure and Security Incidents: Business Associate shall report to Covered Entity each Use or Disclosure that is made by Business Associate, its officers, employees, agents, representatives, or subcontractors, but is not specifically permitted by this Agreement, as well as, effective April 20, 2005, each Security Incident of which Business Associate becomes aware. The initial

report shall be made by telephone call to Covered Entity's Departmental Privacy Officer at 1-(800) 711-5366 within forty-eight (48) hours from the time the Business Associate becomes aware of the non-permitted Use, Disclosure, or Security Incident, followed by a full written report no later than ten (10) business days from the date the Business Associate becomes aware of the non-permitted Use, Disclosure, or Security Incident to the Covered Entity's Chief Privacy Officer, at: Chief Privacy Officer; Kenneth Hahn Hall of Administration; 500 West Temple Street, Suite 525; Los Angeles, California 90012.

(4) Mitigation of Harmful Effect: Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Use or Disclosure of Protected Health Information by Business Associate in violation of the requirements of this Paragraph.

(5) Availability of Internal Practices, Books and Records to Government Agencies: Business Associate agrees to make its internal practices, books, and records, relating to the Use and Disclosure of Protected Health Information, available to the Secretary of the federal Department of Health and Human

Services ("DHHS") for purposes of determining Covered Entity's compliance with the Privacy and Security Regulations. Business Associate shall immediately notify Covered Entity of any requests made by the Secretary and provide Covered Entity with copies of any documents produced in response to such request.

(6) Access to Protected Health Information:

Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make the Protected Health Information, specified by Covered Entity available to the Individual(s) identified by Covered Entity as being entitled to access and copy that Protected Health Information. Business Associate shall provide such access for inspection of that Protected Health Information within two (2) business days after receipt of request from Covered Entity. Business Associate shall provide copies of that Protected Health Information within five (5) business days after receipt of request from Covered Entity.

(7) Amendment of Protected Health Information:

Business Associate shall, to the extent Covered Entity determines that any Protected Health Information

constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make any amendments to Protected Health Information that are requested by Covered Entity. Business Associate shall make such amendment within ten (10) business days after receipt of request from Covered

Entity in order for Covered Entity to meet the requirements under 45 C.F.R. § 164.526.

(8) Accounting of Disclosures: Upon Covered Entity's request, Business Associate shall provide to Covered Entity an accounting of each Disclosure of Protected Health Information made by Business Associate or its officers, employees, agents, representatives, or subcontractors. However, Business Associate is not required to provide an accounting of Disclosures that are necessary to perform the Services because such Disclosures are for either payment or health care operations purposes, or both.

Any accounting provided by Business Associate under this Subparagraph B.(8) shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; (c) a brief description of the Protected Health Information disclosed; and (d)

a brief statement of the purpose of the Disclosure.

For each Disclosure that could require an accounting under this Subparagraph B.(8), Business Associate shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure.

Business Associate shall provide to Covered Entity, within ten (10) business days after receipt of request from Covered Entity, information collected in accordance with this Subparagraph B.(8) to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

C. OBLIGATION OF COVERED ENTITY: Covered Entity shall notify Business Associate of any current or future restrictions or limitations on the use of Protected Health Information that would affect Business Associate's performance of Services, and Business Associate shall thereafter restrict or limit its own uses and disclosures accordingly.

D. TERM AND TERMINATION:

(1) Term: The term of this Paragraph, shall be the same as the term of this Agreement. Business Associate's obligations under this Paragraph's

subparagraph(s) B.(1) (as modified by Subparagraph D.(2)), B.(3), B.(4), B.(5), B.(6), B.(7), B.(8), Subparagraph D.(3) and Subparagraph E.(2) shall all survive the termination or expiration of this Agreement.

(2) Termination for Cause: In addition to and notwithstanding the termination provisions set forth in this Agreement, upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:

a. Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;

b. Immediately terminate this Agreement if Business Associate has breached a material term of this Agreement and cure is not possible; or

c. If neither termination nor cure are feasible, Covered Entity shall report the violation to the Secretary of the federal DHHS.

(3) Disposition of Protected Health Information Upon Termination or Expiration:

a. Except as provided in Sub-subparagraph
b. of this section, upon termination for any
reason or expiration of this Agreement, Business
Associate shall return or destroy all Protected
Health Information received from Covered Entity
or created, or received, by Business Associate on
behalf of Covered Entity. This provision shall
apply to Protected Health Information that is in
the possession of agents, representatives, or
subcontractors, of Business Associate. Business
Associate shall retain no copies of the Protected
Health Information.

b. In the event that Business Associate
determines that returning or destroying the
Protected Health Information is infeasible,
Business Associate shall provide to Covered
Entity notification of the conditions that make
it infeasible. If return or destruction is
infeasible, Business Associate shall extend the
protections of this Agreement, to such Protected
Health Information and limit further Uses and
Disclosures of such Protected Health Information
to those purposes that make the return or
destruction infeasible, for so long as Business

Associate maintains such Protected Health Information.

E. MISCELLANEOUS:

(1) No Third Party Beneficiaries: Nothing in this Paragraph shall confer upon any person other than the parties and their respective successors or assignees, any rights, remedies, obligations, or liabilities whatsoever.

(2) Use of Agents, Representatives, and/or Subcontractors: Business Associate shall require each of its agents, representatives, and/or subcontractors, that receive Protected Health Information from Business Associate, or create Protected Health Information for Business Associate, on behalf of Covered Entity, to execute a written agreement obligating the agent, representative, and/or subcontractor to comply with all the terms of this Paragraph.

(3) Relationship to Services Agreement Provisions: In the event that a provision of this Paragraph is contrary to another provision of this Agreement, the provision of this Paragraph shall control. Otherwise, this Paragraph shall be construed

under, and in accordance with, the terms of this Agreement.

(4) Regulatory References: A reference in this Paragraph to a section in the Privacy and Security Regulations means the section as currently in effect, or may hereafter be amended.

(5) Interpretation: Any ambiguity in this Paragraph shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy Regulations.

(6) Amendment: The parties agree to take such action as is necessary to amend this Paragraph from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Regulations.

18. COUNTY'S QUALITY ASSURANCE PLAN: County or its agent will evaluate Contractor's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Contractor's compliance with all contract terms and performance standards. Contractor deficiencies which County determines are severe or continuing and that may place performance of this Agreement in jeopardy if not corrected will be reported to the Board of Supervisors. The report will include improvement/corrective action measures taken by County

and Contractor. If improvement does not occur consistent with the corrective action measures, County may terminate this Agreement or impose other penalties as specified in this Agreement.

19. RESTRICTIONS ON LOBBYING:

A. Federal Certification and Disclosure Requirement:

If any federal monies are to be used to pay for Contractor's services under this Agreement, Contractor shall comply with all certification and disclosure requirements prescribed by Section 319, Public Law 101-121 (Title 31, U.S.C., Section 1352) and any implementing regulations, and shall ensure that each of its subcontractors receiving funds provided under this Agreement also fully comply with all such certification and disclosure requirements.

B. County Lobbyists: Contractor and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010, retained by Contractor, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of Contractor or any County lobbyist or County lobbying firm retained by Contractor to fully comply with the County Lobbyist Ordinance shall constitute a material breach of

contract upon which Director may suspend or County may immediately terminate this Agreement.

20. UNLAWFUL SOLICITATION: Contractor shall require all of its employees performing services hereunder to acknowledge in writing understanding of and agreement to comply with the provisions of Article 9 of Chapter 4 of Division 3 (commencing with Section 6150) of the Business and Professions Code of the State of California (i.e., State Bar Act provisions regarding unlawful solicitation as a runner or capper for attorneys) and shall take positive and affirmative steps in its performance hereunder to ensure that there is no violation of such provisions by its employees. Contractor shall utilize the attorney referral services of all those bar associations within Los Angeles County that have such a service.

21. CONFLICT OF INTEREST:

A. No County employee whose position in County enables him/her to influence the award or administration of this Agreement or any competing agreement, and no spouse or economic dependent of such employee, shall be employed in any capacity by Contractor, or have any other direct or indirect financial interest in this Agreement. No officer or employee of Contractor who may financially benefit from the provision of services hereunder shall in any way participate in County's approval, or ongoing evaluation, of

such services, or in any way attempt to unlawfully influence County's approval or ongoing evaluation of such services.

B. Contractor shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Agreement. Contractor warrants that it is not now aware of any facts which create a conflict of interest. If Contractor hereafter becomes aware of any facts which might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to Director. Full written disclosure shall include, without limitation, identification of all persons implicated and complete description of all relevant circumstances.

22. PROHIBITION AGAINST ASSIGNMENT AND DELEGATION:

A. Contractor shall not assign its rights or delegate its duties under this Agreement, or both, whether in whole or in part, without prior written consent of County. Any assignment or delegation which does not have such prior County consent shall be null and void. For purposes of this Paragraph, such County consent shall require a written amendment to this Agreement which is formally approved and executed by the parties. Any billings to County by any delegatee or assignee on any

claim under this Agreement, absent such County consent, shall not be paid by County. Any payments by County to any delegatee or assignee on any claim under this Agreement, in consequence of such County consent, shall reduce dollar for dollar any claims which Contractor may have against County and shall be subject to set-off, recoupment, or other reduction for any claims which County may have against Contractor, whether under this Agreement or otherwise.

B. Shareholders or partners, or both, of Contractor may sell, exchange, assign, divest, or otherwise transfer any interest they may have therein. However, in the event any such sale, exchange, assignment, divestment, or other transfer is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of this Agreement, then prior written consent thereof by County's Board of Supervisors shall be required. Any payments by County to Contractor on any claim under this Agreement shall not waive or constitute such County consent. Consent to any such sale, exchange, assignment, divestment, or other transfer shall be refused only if County, in its sole judgement, determines that the transferee(s) is (are) lacking in experience, capability,

or financial ability to perform all Agreement services and other work. This in no way limits any County right found elsewhere in this Agreement, including, but not limited to, any right to terminate this Agreement.

C. Any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, shall be a material breach of the Agreement which may result in the termination of the Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.

23. CONTRACTOR'S EXCLUSION FROM PARTICIPATION IN A FEDERALLY FUNDED PROGRAM: Contractor hereby warrants that neither it nor any of its staff members is restricted or excluded from providing services under any health care program funded by the federal government, directly or indirectly, in whole or in part, and that Contractor will notify Director within thirty (30) calendar days in writing of: (1) any event that would require Contractor or a staff member's mandatory

exclusion from participation in a Federally funded health care program; and (2) any exclusionary action taken by any agency of the federal government against Contractor or one or more staff members barring it or the staff members from participation in a federally funded health care program, whether such bar is direct or indirect, or whether such bar is in whole or in part.

Contractor shall indemnify and hold County harmless against any and all loss or damage County may suffer arising from any federal exclusion of Contractor or its staff members from such participation in a federally funded health care program.

Failure by Contractor to meet the requirements of this Paragraph shall constitute a material breach of contract upon which County may immediately terminate or suspend this Agreement.

24. COMPLIANCE WITH APPLICABLE LAW:

A. Contractor shall comply with all federal, State, and local laws, ordinances, regulations, rules, and directives, applicable to its performance hereunder, as they are now enacted or may hereafter be amended.

B. Contractor shall indemnify and hold harmless County from and against any and all loss, damage, liability, or expense resulting from any violation on the part of Contractor, its officers, employees, or agents, of

such federal, State, or local laws, ordinances, regulations, rules, or directives.

25. FORCE MAJEURE: Neither party shall be liable for such party's failure to perform its obligations under and in accordance with this Agreement, if such failure arises out of fires, floods, epidemics, quarantine restrictions, other natural occurrences, strikes, lockouts (other than a lockout by such party or any of such party's subcontractors), freight embargoes, or other similar events to those described above, but in every such case the failure to perform must be totally beyond the control and without any fault or negligence of such party (such events are referred to in this sub-paragraph as "force majeure events").

Notwithstanding the foregoing, a default by a subcontractor of Contractor shall not constitute a force majeure event, unless such default arises out of causes beyond the control of both Contractor and such subcontractor, and without any fault or negligence of either of them. In such case, Contractor shall not be liable for failure to perform, unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit Contractor to meet the required performance schedule. As used in this sub-paragraph, the term "subcontractor" and "subcontractors" mean subcontractors at any tier.

In the event Contractor's failure to perform arises out of a force majeure event, Contractor agrees to use commercially reasonable best efforts to obtain goods or services from other sources, if applicable, and to otherwise mitigate the damages and reduce the delay caused by such force majeure event.

26. AUTHORIZATION WARRANTY: Contractor hereby represents and warrants that the person executing this Agreement for Contractor is an authorized agent who has actual authority to bind Contractor to each and every term, condition, and obligation set forth in this Agreement and that all requirements of Contractor have been fulfilled to provide such actual authority.

27. RESOLICITATION OF BIDS OR PROPOSALS: Contractor acknowledges that County, prior to expiration or earlier termination of this Agreement, may exercise its right to invite bids or request proposals for the continued provision of the services delivered or contemplated under this Agreement. County and its Department of Health Services shall make the determination to resolicit bids or request proposals in accordance with applicable County and Department of Health Services policies.

Contractor acknowledges that County may enter into a contract for the future provision of services, based upon the bids or proposals received, with a provider or providers other

than Contractor. Further, Contractor acknowledges that it obtains no greater right to be selected through any future invitation for bids or request for proposals by virtue of its present status as Contractor.

28. CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM:

A. Contractor acknowledges that County has established a goal of ensuring that all individuals who benefit financially from County through contract are in compliance with their court-ordered child, family, and spousal support obligations in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

As required by County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting Contractor's duty under this Agreement to comply with all applicable provisions of law, Contractor warrants that it is now in compliance and shall during the term of this Agreement maintain in compliance with employment and wage reporting requirements as required by the federal Social Security Act [(42 USC section 653a)] and California Unemployment Insurance Code section 1088.55, and shall implement all lawfully served Wage and Earnings Withholdings Orders or Child Support Services Department

("CSSD") Notices of Wage and Earnings Assignment for Child, Family, or Spousal Support, pursuant to Code of Civil Procedure section 706.031 and Family Code section 5246(b).

B. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM:

Failure of Contractor to maintain compliance with the requirements set forth in the "Contractor's Warranty of Adherence to County's Child Support Compliance Program" Paragraph immediately above, shall constitute default by Contractor under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement failure of Contractor to cure such default within ninety (90) calendar days of written notice by County shall be grounds upon which County may terminate this contract pursuant to the "Termination for Default" Paragraph of this Agreement, and pursue debarment of Contractor, pursuant to County Code Chapter 2.202.

29. CONTRACTOR RESPONSIBILITY AND DEBARMENT:

A. A responsible contractor is a contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the contract. It is the County's policy to conduct business only with responsible contractors.

B. The Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if the County acquires information concerning the performance of the Contractor on this or other contracts which indicates that the Contractor is not responsible, the County may, in addition to other remedies provided in the contract, debar the Contractor from bidding or proposing on, or being awarded, and/or performing work on County contracts for a specified period of time, which generally will not exceed five (5) years but may exceed five (5) years or be permanent if warranted by the circumstances, and terminate any or all existing contracts the Contractor may have with the County.

C. The County may debar a Contractor if the Board of Supervisors finds, in its discretion, that the Contractor has done any of the following: (1) violated a term of a contract with the County or a nonprofit corporation created by the County; (2) committed any act or omission which negatively reflects on Contractor's quality, fitness or capacity to perform a contract with the County, any other public entity, or a nonprofit corporation created by the County, or engaged in a pattern or practice which negatively reflects on same; (3) committed an act or offense which indicates a lack of business integrity or

business honesty, or (4) made or submitted a false claim against County or any other public entity.

D. If there is evidence that Contractor may be subject to debarment, the Department will notify the Contractor in writing of the evidence which is the basis for the proposed debarment and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.

E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether the contractor should be debarred, and, if so, the appropriate length of time of the debarment. The Contractor and the Department shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.

F. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of

Supervisors. The Board of Supervisors shall have the right to modify, deny or adopt the proposed decision and recommendation of the Hearing Board.

G. If a Contractor has been debarred for a period longer than five (5) years, that Contractor may, after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Contractor has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the County.

H. The Contractor Hearing Board will consider a request for review of a debarment determination only where (1) the Contractor has been debarred for a period longer than five (5) years; (2) the debarment has been in effect for at least five (5) years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an

appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.

The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

I. These terms shall also apply to subcontractors of County Contractors.

30. NOTICE TO EMPLOYEES REGARDING THE FEDERAL EARNED INCOME CREDIT: Contractor shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in

accordance with the requirements set forth in Internal Revenue Service Notice 1015.

31. COMPLIANCE WITH JURY SERVICE PROGRAM:

A. Jury Service Program: This Agreement is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code.

B. Written Employee Jury Service Policy:

(1) Unless Contractor has demonstrated to the County's satisfaction either that Contractor is not a "contractor" as defined under the Jury Service Program (Section 2.203.020 of the County Code) or that Contractor qualifies for an exception to the Jury Service Program (Section 2.203.070 of the County Code), Contractor shall have and adhere to a written policy that provides that its Employees shall receive from Contractor, on an annual basis, no less than five (5) days of regular pay for actual jury service.

Contractor's policy may further provide that employees deposit any fees received for such jury service with Contractor or that Contractor deduct from the employee's regular pay the fees received for jury service.

(2) For purposes of this Paragraph, and as set forth in the Jury Service Program provision of the County Code as described hereinabove: "Contractor" shall mean a person, partnership, corporation or other entity, that has a contract with County, or a subcontract with a County Contractor, and has received, or will receive, an aggregate sum of Fifty Thousand Dollars (\$50,000) or more in any twelve (12) month period under one (1) or more County contracts or subcontracts; "employee" shall mean any California resident who is a full-time employee of Contractor; and "full-time" shall mean forty (40) hours or more worked per week, or a lesser number of hours, if: (1) the lesser number is a recognized industry standard as determined by County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time.

Full-time employees providing short-term temporary services of ninety (90) days or less within a twelve (12) month period are not considered full-time for purposes of the Jury Service Program. If Contractor uses any subcontractor to perform services for County under this Agreement, the subcontractor shall also be subject to the provisions of this

Paragraph. The provisions of this Paragraph shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

(3) If Contractor is not required to comply with the Jury Service Program on the effective date of this Agreement, Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Contractor shall immediately notify County if Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if Contractor no longer qualifies for an exception to the Jury Service Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. County may also require, at any time during the Agreement term, and at its sole discretion, that Contractor demonstrate to County's satisfaction that Contractor either continues to remain outside of the Jury Service Program's definition of "contractor" and/or that Contractor continues to qualify for an exception to the Program.

(4) Contractor's violation of this Paragraph may constitute a material breach of this Agreement. In the event of such material breach, County may, in its sole discretion, terminate this Agreement and/or bar Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach.

32. COMPLAINTS: Contractor shall develop, maintain and operate procedures for receiving, investigating and responding to complaints. Within thirty (30) calendar days after the effective date of this Agreement, Contractor shall provide County with the Contractor's policy for receiving, investigating and responding to user complaints.

County will review the Contractor's policy and provide Contractor with approval of said plan or with requested changes.

If County requests changes in the Contractor's policy, Contractor shall make such changes and resubmit the plan within five (5) business days for County approval. If, at any time, Contractor wishes to change Contractor's policy, Contractor shall submit proposed changes to County for approval before implementation.

Contractor shall preliminarily investigate all complaints and notify the County's Project Manager of the status of the investigation within five (5) business days of receiving the

complaint. When complaints cannot be resolved informally, a system of follow-through shall be instituted which adheres to formal plans for specific actions and strict time deadlines.

Copies of all written responses shall be sent to County's Project Manager within three (3) business days of mailing to the complainant.

33. LIQUIDATED DAMAGES:

A. If, in the judgment of the Director, Contractor is deemed to be non-compliant with the terms and obligations assumed hereby, the Director, at his/her option, in addition to, or in lieu of, other remedies provided herein, may withhold or deduct pro rata from the Contractor's invoice for work not performed. The work not performed and the amount to be withheld from payments to the Contractor from the County will be forwarded to Contractor by the Director in a written notice describing the reasons for said action.

B. If the Director determines that there are deficiencies in the performance of this Contract that the Director deems are correctable by Contractor over a certain time span, the Director will provide a written notice to Contractor to correct the deficiency within specified time frames. Should Contractor fail to correct deficiencies within said time frame, the Director may:

(1) Deduct from the Contractor's payment, pro rata, those applicable portions of the Monthly Contract Sum; and/or

(2) Upon giving five (5) days notice to Contractor for failure to correct the deficiencies, the County may correct any and all deficiencies and the total costs incurred by the County for completion of the work by an alternate source, whether it be County forces or separate private contractor, will be deducted and forfeited from the payment to Contractor from the County, as determined by the County.

C. The action noted in Subparagraphs A and B shall not be construed as a penalty, but as adjustment of payment to the Contractor to recover the County cost due to the failure of Contractor to complete or comply with the provisions of this Contract.

D. This Subparagraph shall not, in any manner, restrict or limit the County's right to damages for any breach of this Agreement provided by law or as specified in Subparagraph B, and shall not, in any manner, restrict or limit the County's right to terminate this Agreement as agreed to herein.

E. The Payments to the Contract shall not be withheld for any failure to achieve any financial outcomes

or Performance Outcome Measures as defined in Exhibits A and B.

34. WARRANTY AGAINST CONTINGENT FEES: Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon any Contract or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business.

For breach of this warranty, the County shall have the right to terminate this Contract and, at its sole discretion, deduct from the Contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

35. NOTICE OF DELAYS: Except as otherwise provided under this Agreement, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Agreement, that party shall, with one (1) business day, give notice thereof, including all relevant information with respect thereto, to the other party.

36. NOTICE OF DISPUTES: Contractor shall bring to the attention of the County's Project Manager and/or County's Project Director any dispute between County and Contractor regarding the performance of services as stated in this

Agreement. If County's Project Manager or County's Project Director is not able to resolve the dispute, the Director shall resolve it.

37. PUBLICITY: Contractor shall not disclose any details in connection with this Agreement to any person or entity except as may be otherwise provided hereunder or required by law. However, in recognizing Contractor's need to identify its services and related clients to sustain itself, County shall not inhibit Contractor from publishing its role under this Agreement within the following conditions: (1) Contractor shall develop all publicity material in a professional manner; and (2) During the term of this Agreement, Contractor shall not, and shall not authorize another to, publish or disseminate any commercial advertisements, press releases, feature articles, or other materials using the name of County without the prior written consent of County's Project Director. County shall not unreasonably withhold written consent.

Contractor may, without the prior written consent of County, indicate in its proposals and sales materials that it has been awarded this Agreement with the County of Los Angeles, provided that the requirements of this paragraph shall apply.

38. USE OF RECYCLED-CONTENT PAPER: Consistent with County's Board of Supervisors policy to reduce the amount of solid waste deposited at County landfills, Contractor agrees to

use recycled-content bond paper and paper products to the maximum extent possible in connection with services to be performed by Contractor under this Agreement.

39. PROPRIETARY RIGHTS: Both parties retain all of their rights, title and interest in and to and ownership of all copyrights, trademarks, trade secrets, patents and all other industrial and intellectual property embodied in its processes and systems. Contractor makes no grant to County of any right to use or copy, in any way, the forms, materials, computer programs, or systems, whether computerized or not, by which services under the terms of the Agreement are provided by Contractor. County makes no grant to Contractor of any right to use or copy, in any way, the forms, materials, computer programs, or systems, whether computerized or not.

40. NONEXCLUSIVITY: Contractor acknowledges that it is not the exclusive provider to County of the services to be provided under this Agreement, that County has, or intends to enter into, contracts with other providers of such services, and that County reserves the right to itself perform the services with its own County personnel. During the term of this Agreement, Contractor agrees to provide County with the services described in the Agreement.

41. CONSTRUCTION: To the extent there are any rights, duties, obligations, or responsibilities enumerated in the

recitals or otherwise in this Agreement, they shall be deemed a part of the operative provisions of this Agreement and are fully binding upon the parties.

42. GOVERNING LAWS, JURISDICTION, AND VENUE: This Agreement shall be governed by, and construed in accordance with, the laws of the State of California. Contractor hereby agrees and consents to submit to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Agreement and further agrees and consents that venue of any action (other than an appeal or an enforcement of a judgement) brought by Contractor, on Contractor's behalf, or on the behalf of any subcontractor which arises from this Agreement or is concerning or connected with services performed pursuant to this Agreement, shall be exclusively in the courts of the State of California located in Los Angeles County, California.

43. WAIVER: No waiver of any breach of any provision of this Agreement by County shall constitute a waiver of any other breach of such provision. Failure of County to enforce at any time, or from time to time, any provision of this Agreement shall not be construed as a waiver thereof. The remedies herein reserved shall be cumulative and in addition to any other remedies in law or equity.

44. SEVERABILITY: If any provisions of this Agreement or the application thereof to any person or circumstance is held

invalid, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby.

EXHIBIT A

Nurse Advice Line and Disease/Care Management Services Agreement

DESCRIPTION OF SERVICES

1. SCOPE OF SERVICES-COMMUNITY HEALTH PLAN (CHP): The purpose of this Agreement is to provide the CHP with nurse advice line, disease management, complex case management, and wellness management services.

The County of Los Angeles' Department of Health Services (DHS) operates the Community Health Plan (CHP), a State-licensed health plan that uses a managed care model to provide patient care and services to members enrolled under the following Product Lines: Medi-Cal Managed Care Program, Healthy Families Program, In-Home Supportive Services Program. The CHP plans to seek accreditation as a Managed Care Organization (MCO) for certain Product Lines from the National Committee for Quality Assurance (NCQA), which is an independent, non-profit organization that surveys and accredits health plans meeting a high standard of care. NCQA accreditation shall ensure that CHP develops and maintains the industry's "best practices" in the areas of quality of patient care and services, confidentiality, consumer protection, access, patient safety and continuous quality improvement. Services provided to CHP members include nurse advice line, disease management, complex case management, wellness management, when indicated.

2. SCOPE OF SERVICES-HEALTHY WAY L.A. (HWLA): The purpose of this Agreement is to provide HWLA with nurse advice line services. Healthy Way L.A. is a County healthcare program funded under the

State's Coverage Initiative to establish medical homes for low-income, uninsured County adult residents with chronic illness, or at risk for developing chronic conditions or those who are chronic users of DHS services with no medical home.

3. STATEMENT OF WORK: Contractor agrees to provide services to County as described in the "Statement of Work" attached hereto as Exhibit A-1, and incorporated herein by reference.

Contractor shall respond to County with specific and detailed Responsibilities/Tasks/Deliverables documentation sufficient to explain its ability to meet the criteria including staff qualifications, organizational structure, and staffing requirements no later than thirty (30) days after Board approval has been obtained.

A. Contractor Management Services-The Contractor is required to perform all necessary management responsibilities to ensure contract compliance. The Contractor shall provide General Management services and duties as they apply to the program. These include, but are not limited to: Organizing effective and efficient business processes; Developing a comprehensive business strategy for managing services; Planning for those areas considered critical to performance of the contract and supporting them with appropriate Policies and Procedures; and Appointing competent managers, supervisors, lead persons, technical staff, and licensed and unlicensed personnel. Contractor's personnel shall have sufficient training, experience, knowledge or other qualities to enable them to properly undertake the

responsibilities, and have the knowledge to understand the work involved have the capacity to apply these to the tasks required.

B. **Contractor Administrative Services**-Contractor shall provide sufficient supervisory, administrative and direct services to Contractor personnel to accomplish the services required under this Contract. County may request that any Contractor employee/worker be removed from performing any services directly related to the subject matter of this Agreement.

C. **Contractor Performance Outcome Measures**-The Agreement includes Performance Outcome Measures as specified in the Statement of Work, Exhibit A-1 for nurse advice line, disease management, complex case management, and wellness management services. Parties recognize that no fees or penalties are applicable to Performance Outcome Measures.

D. **Contractor Performance Requirements Standards**-This Agreement includes standards of Contractor's performance related to each Program. A Technical Exhibit shall be provided by Contractor no later than thirty (30) days after Board approval has been obtained, that includes Contractor's plan on how each NCQA Standard (if applicable), applicable state and federal regulations will be met or exceeded. If Program is NCQA Accredited, Contractor shall include evidence of current accreditation, documentation, and provide ongoing accreditation updates during the term of this Agreement.

E. Contractor Personnel Training-Contractor shall ensure that staff is provided appropriate training to ensure effective and efficient service delivery prior to providing services under this Agreement.

F. Contractor Staff-Contractor shall provide services as outlined in the Statement of Work (SOW) and shall be responsible for the overall day-to-day activities, management and coordination of the Agreement and liaison activities with County. The Contractor shall provide qualified staff including appropriately licensed/credentialed personnel to meet the needs and requirements of the Program services outlined in the Statement of Work. Duties of Contractor shall include, but is not necessarily limited to the following: Administrative supervision and management oversight of the contracted services; Preparation and submission of monthly, quarterly or annual reports, invoices and other required documentation; Oversight of all Agreement requirements, including any subcontractor services; Ensure contract compliance; Medical supervision and oversight of health care staff; Participate in monitoring activities and meetings with County staff and On-call availability for emergency situations.

G. Contractor Staff Desirable Minimum Qualifications (for licensed and unlicensed staff)-Contractor's staff shall have extensive experience including working in such programs, as described in the SOW, knowledge and understanding of program-related problems and principles, program expertise and knowledge

of County contract compliance, knowledge of contract requirements, budgets and invoicing processes, ability to document staff work activities and provide administrative supervision and oversight, and ability to plan and organize service activities of staff.

H. Contractor Quality Control/Improvement Plan (QC/IP) - Contractor shall utilize a comprehensive QC/IP to assure the County of a consistently high level of quality and service throughout the term of this Agreement. The QC/IP is subject to review by the County. Revisions to the Plan shall be submitted as changes occur during the term of the Agreement.

The QC/IP shall include, but not be limited to the following: Method for assuring that professional staff providing services under this Agreement have qualifying experience; Method for monitoring to ensure that Agreement requirements are being met; Method for monitoring subcontractors, if any, for compliance with established standards and quality of services; Method for identifying, preventing and correcting deficiencies in the quality of service before the level of performance becomes unacceptable; Method for assuring that confidentiality of patients'/members' information is maintained; Method for a program participant to submit a grievance for proper review and resolution; Method for resolving problems and addressing any participant grievances that shall include, but is not limited to, when the problem was first identified and the corrective action taken (Report shall be provided to the County upon request); and

Method for monitoring progress towards achieving performance measures.

I. Contractor Discrepancy Reports-Written notification of a Contract discrepancy shall be made to Contractor by County, as soon as possible, whenever a Contract discrepancy is identified. The responsible party must resolve the problem within a reasonable time period mutually agreed upon by the County and the Contractor. The County shall determine whether a formal CDR shall be issued. Upon receipt of this document, Contractor is required to respond in writing to the County within five (5) business days, acknowledging the reported discrepancies or presenting contrary evidence. A plan, including a timetable, for correction of all deficiencies must follow.

If a Contract Discrepancy Report (CDR) is issued, and at the discretion of the County, a meeting shall be held within five (5) business days, as mutually agreed, to discuss the problem. In the event that Contractor is unable to satisfactorily resolve the discrepancy, the County shall submit a written statement to Contractor within ten (10) business days from the date of receipt of the signed action items. County's statement shall be attached to the PEM minutes and be a part thereof. Failure of Contractor to provide a written statement of response shall result in the acceptance of the action items as written. If any dispute is still unresolved, the decision of County shall be final.

J. Performance Evaluation Meetings (PEM)-The County and Contractor shall jointly hold PEMs at County's discretion, no

more often than quarterly. Upon advance notice, County or the Contractor may make an auditory recording of the meeting.

K. Contractor Responsibility and Equipment/Supplies/Materials/ Furnished Items -Contractor is responsible for obtaining and providing staff with all training, supervision, equipment and supplies necessary to perform the services included in the SOW of this Agreement.

L. Contractor Record Keeping-Contractor shall maintain retrievable records relating to each County enrollee/member serviced under this Agreement. Records shall be maintained at a central facility for seven (7) years from termination of this Agreement or until all audits are completed and settled, whichever is later. The records shall be kept either electronically or paper-based in folders, identifiable by County enrollee/member and available upon County request and transferred to County.

M. Reporting Tasks-Contractor shall generate/produce reports as may be required by the County concerning its activities as they affect the Agreement duties and purposes contained herein. Any other ad hoc statistical reports as reasonably requested by the County, Board of Supervisors, the State, or other County agencies or entities for budgetary or other purposes. If County requests that Contractor create ad hoc reports or wishes to change standard reports, Contractor will quote County a fee for providing such report in accordance with the rates set forth in Schedule B. Contractor further

understands and agrees that County must agree to such quote prior to performing such work.

N. **Contractor Provider and Member/Enrollee Satisfaction Data Collection/Reporting**-Contractor shall complete a Customer Satisfaction Survey (format to be jointly determined) on at least an annual basis and submit copies to County annually.

O. **Grievances and Complaints**-Contractor shall provide electronic documentation of all Member and provider complaints, grievances and/or appeals received "Complaints" and forward documentation of the Complaint, grievances and/or appeals to County within 24 hours of receipt of the Complaint.

P. **Disaster Recovery Program**-Contractor will maintain and update a disaster recovery plan and shall prior to implementation and annually thereafter, provide evidence of testing for business continuity.

Q. **Data**-Parties agree to create a data management manual during the implementation process. County agrees to provide Contractor with the data necessary to provide services in accordance with the data management manual. County shall supply Contractor with member eligibility, provider and claims or encounter data ("County data") in an electronic format according to the data specifications agreed upon by the parties. County agrees that Contractor's provision of services is dependent upon receipt of County data and that Contractor's performance may be delayed or rendered impossible or impracticable due to County's failure to fulfill its obligation to supply data. Contractor

shall have no independent obligation to verify the accuracy or completeness of any such data supplied by County.

4. PAYMENT: County agrees to compensate Contractor for services provided under this Agreement, as set forth in the BILLING AND PAYMENT Paragraph of the body of this Agreement and in accordance with the rate schedule, as set forth in Exhibit B, attached hereto.

5. EVALUATION OF SERVICES: In the interest of evaluating the services provided hereunder, Contractor's performance shall be measured by the CHP to determine the extent to which performance standards and requirements listed in the Statement of Work have been met. County shall use such measurements, in conjunction with other available information, to determine the adequacy of Contractor's performance and to develop recommendations for continuation of services.

Contractor shall maintain sufficient documentation to permit a comparison of actual performance to required performance under the terms of this Agreement.

6. DEFINITIONS: Unless otherwise expressly provided or the context otherwise requires, and to the extent applicable to this Agreement, the following definitions of terms shall govern the construction of Exhibits A and A-1, as appropriate:

A. Accreditation: A rigorous and comprehensive evaluation process through which the National Committee for Quality Assurance assesses the quality of the key systems and processes that define a health plan. Accreditation also includes an

assessment of the healthcare and administrative services provided by the health plan.

B. Complex Case Management Program: The coordination of care and services to be provided to members who have experienced an event or diagnosis that requires extensive use of resources and who need help navigating the system to facilitate appropriate delivery of care.

C. Criteria: Systematically developed, objective and quantifiable statements used to assess the appropriateness of specific health care decisions, services and outcomes.

D. Delegation: A formal process by which the organization gives another entity the authority to perform certain functions on its behalf. Although the organization may delegate the authority to perform a function, it may not delegate the responsibility for ensuring that the function is performed appropriately.

E. Disease Management Program: A multi-disciplinary, continuum-of-care based system of health care delivery that proactively identifies populations with or at risk for chronic medical conditions. Emphasizes prevention of exacerbation and complication using evidence-based guidelines and member empowerment strategies such as self-management.

F. Documented Process: Policies and procedures, process flow charts, protocols and other mechanisms that describe the methodology used by the organization to complete a task.

G. HEDIS (Health Plan Employer Data Information Set): A set of standardized performance measures designed to allow reliable comparison of the performance of managed health care plans.

H. CAHPS (Consumer Assessment of Healthcare Providers and Systems): A set of standardized surveys that measure patient satisfaction with the experience of care. CAHPS is sponsored by the Agency for Health Care Research and Quality (AHRQ).

I. Managed Care Organization (MCO): A system of healthcare delivery that manages quality, utilization and cost of services, and which measures performance in the area of medical care.

J. Materials: Prepared materials or content that the organization provides to its members and practitioners, including written communication, Web sites, scripts, brochures, reviews and clinical guidelines.

K. Monitor: A periodic or ongoing activity to determine opportunities for improvement, effectiveness of interventions on compliance with contractual requirements.

L. Nurse Advice Line: 24 hours per day, seven days per week multilingual telephone service that provides enrollees and members with timely clinical direction and referrals from specialty-trained nurses and other health professionals, to improve their health and ensure appropriate utilization of clinical services.

M: Performance Goal: A desired level of achievement in standards of care or service. Goals may be expressed as desired minimum performance levels (*thresholds*), industry-best performance (*benchmarks*) or the permitted variance from the standard. Performance goals usually are not static, but change as performance improves or as the standard of care is refined.

N. Performance Measure: A quantifiable measure to assess how the organization carries out specific functions or processes.

O. Policies and Procedures: A documented process that describes the course of actions taken and the method in which the action will be carried out by the organization's staff to achieve objectives.

P. Product Line: Programs offered to distinct populations brought forward by an organization for evaluation. MCO product lines are commercial, Medicare and Medicaid.

Q. Reports: Aggregated sources of evidence of action or performance in an element, including management reports; key indicator reports; summary reports from member reviews; system output giving information like number of member appeals; minutes; and other documentation of actions that the organization has taken.

R. Standard/Element: A standard is a statement about acceptable performance or results. The element is the component of a standard that is scored and provides details about performance expectations. NCQA evaluates each element within a

standard to determine the degree to which the organization has met the requirements within the standard.

S. Sub-delegation: A process whereby the organization's delegate gives a third entity the authority to carry out a delegated function.

T. Wellness and Prevention Program: A program that is comprised of Health Risk Assessment, interactive consumer tools, and wellness and prevention activities.

EXHIBIT A-1

Nurse Advice Line and Disease/Care Management Services Agreement

STATEMENT OF WORK

NURSE ADVICE LINE-HEALTHY WAY LA (HWLA)

1. DESCRIPTION OF SERVICES:

The Contractor agrees at minimum, to meet or exceed NCQA 2007 MEM 7 standard (including maintaining compliance with subsequent versions of NCQA Standards applicable to MEM 7), applicable federal and state laws and those HWLA requirements as defined and agreed between County and Contractor. Contractor shall meet the expectations as outlined in this Statement of Work and specific needs as detailed. Contractor shall provide an environment that is businesslike, positive and motivating for County enrollee/member participants.

Notwithstanding any other terms of this Agreement, Contractor shall perform the following tasks:

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
1.0	1.1 NURSE ADVICE LINE ("NAL") NAL services to be provided 24 hours/7 days per week, 365 days per year for the enrolled Healthy Way L.A. (HWLA) patient population.	1.1.1 Contractor staff shall act in a professional manner in welcoming and assisting the County enrollee/member participants in providing services. 1.1.2 The NAL will provide immediate triage assessment by an RN, referral services, and patient education services to enrollees. Contractor's staff shall: 1) recommend callers seek clinically appropriate level of care, within an appropriate timeframe, and proper setting; and, 2) provide education to Nurse Advice Line (HWLA)	1.1.1.1 Contractor shall work closely with County staff to establish a written implementation plan for NAL services within 5 calendar days after board approval, and implement agreed-upon services by 12/01/07. 1.1.2.1 Contractor shall establish the availability of a toll-free number for the enrolled HWLA patient population.

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>members/enrollees on how to better manage their own health.</p> <p>1.1.3 Services, programs, forms, signs, notices and other written materials that contractor uses for the provision of services must be available and offered in English and Spanish; and other required languages as requested by County and mutually agreed upon by both parties.</p> <p>1.1.4 Provide interpretation services for members/enrollees who need them.</p>	
2.0	2.1 Call Center Services	<p>2.1.1 Contractor shall notify County of any member/enrollee who received advice to seek the services of a practitioner or provider within 24-48 hours of the advice/referral. The timeliness of notification will be commensurate with the imminence of member referral.</p> <p>2.1.2 Contractor shall not diagnose a caller's ailment or provide treatment.</p> <p>2.1.3 Contractor shall refer HWLA enrollees to County Medical Home for next day appointments when appropriate. Contractor will initiate a fax transmission to notify County Medical Home/next day Nurse Advice Line (HWLA)</p>	<p>2.1.3.1 Contractor will work closely with County staff to develop a plan to identify and refer HWLA enrollees to County Medical Home for</p>

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>appointment provider (with valid fax number provided by County) when enrollee is referred for a next day appointment. Contractor will initiate the transmission to the County Medical Home/next day appointment provider of members referred for next day appointments by 6:00 a.m. (PST) of day appointment is to be provided.</p> <p>2.1.4 Contractor shall provide County with a daily electronic file containing call record information on NAL calls from the previous day. County shall be responsible for determining which call records belong to County Disease Management program enrollees.</p>	<p>next day appointments.</p> <p>2.1.4.1 Contractor shall provide County with a Comprehensive Daily Call Log.</p>
3.0	3.1 Implementation Plan	3.1.1 Contractor shall provide County staff standard training materials in preparation for implementation of services.	3.1.1.1 Contractor shall provide staff standard training materials.
4.0	4.1 Increase/decrease of enrollee or membership participation	4.1.1 County shall be responsible for advising Contractor when enrollee/membership changes occur to enable Contractor to adjust staffing needs accordingly to ensure a seamless transition.	4.1.1.1 County shall notify Contractor via written notification within 60 days or as soon as possible in the event changes are unforeseen.
5.0	5.1 Contractor Staffing Plan	5.1.1 Contractor shall continually monitor its staffing plans throughout the life of the contract	5.1.1.1 Contractor shall analyze the projected increase in call

Nurse Advice Line (HWLA)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>to ensure appropriate services to enrollees. County agrees to provide Contractor with notice of its intent to enroll a block of additional new enrollees within 60 days.</p> <p>5.1.2 County also agrees to provide Contractor with 60 days notice of its intent to remove a block of Members/enrollees. In the event that such removal is due to unforeseen events, County shall provide notice to Contractor within a reasonable time frame.</p>	<p>volume, and shall notify County of the period of time that is necessary for Contractor to increase staffing levels to handle the increased call volume.</p>
6.0	6.1 Algorithms	<p>6.1.1 Prior to the implementation date, Contractor shall provide County with a copy of the algorithms and incorporated self-care and education instructions ("Standard Algorithms") for County's review.</p>	
7.0	7.1 Reporting	<p>7.1.1 Contractor shall provide County with a standard monthly reporting package, agreed upon by the County prior to launch, which shall enable County to monitor the effectiveness of the NAL Services. Standard reports shall be provided to County on-line via the internet. These standard reports may change as Contractor adds reports, deletes reports or enhances existing reports.</p>	<p>7.1.1.1 Contractor shall provide the standard NAL reports. Reporting frequency for the following report will be daily:</p> <ul style="list-style-type: none"> Comprehensive Patient Daily Call Log <p>Reporting frequency for the following reports will be monthly:</p>

Nurse Advice Line (HWLA)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>7.1.1.2 If County requests that Contractor create a new report or wishes to change standard reports, Contractor will quote County a fee for providing such reports. At County's request, Contractor will fax call records to County's designated health care providers, or to other County designated parties as instructed by County.</p> <p>The fee for this service excluding the faxing of the daily call report to County is \$1.00 per fax. County is responsible for providing the telephone number of a secure fax machine to Contractor. A secured fax machine is one which may only be accessed by designated personnel authorized to receive medical records of members.</p> <p>7.1.1.3 At County's request, Contractor shall provide Member/enrollee call records to County in electronic form, to County designated health care providers or to other County designated parties as instructed by County.</p>	<ul style="list-style-type: none"> • Executive Summary • Inbound and Outbound Person Entered • Encounter Types • Telephone Activity for Automated Inbound Call Type • Member • Redirection/Outcomes Algorithm • Utilization Summary by Type • Top 10 Algorithm Utilization • Demographics Report • Symptomatic Calls by Day of Week and Time of Day • Customer Service/Benefits Calls by Day of Week and Time of Day

Nurse Advice Line (HWLA)

Contractor Performance Outcomes Measures:

75% inbound calls answered in 30 seconds or less
5% or less of calls will be abandoned after 30 seconds

Change in ER Visit rate per thousand members eligible for program vs. rate per thousand members not eligible for the program -5% for each year according to data requirements and methodology agreed upon by the parties and performed by County or designee

Satisfaction:

Satisfaction rating >80% of users will be satisfied or very satisfied with the nurse advice line.

Nurse Advice Line (HWLA)

NURSE ADVICE LINE-COMMUNITY HEALTH PLAN (CHP)

2. DESCRIPTION OF SERVICES:

The Contractor agrees at minimum, to meet or exceed NCQA 2007 MEM 7 standards (including maintaining compliance with subsequent versions of NCQA Standards applicable to MEM 7) and applicable federal and state laws and requirements as defined and agreed between County and Contractor. Contractor shall meet the expectations as outlined in this Statement of Work and specific needs as detailed. Contractor shall provide an environment that is businesslike, positive and motivating for County enrollee/member participants.

Notwithstanding any other terms of this Agreement, Contractor shall perform the following tasks:

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
1.0	1.1 NURSE ADVICE LINE ("NAL") NAL services to be provided 24 hours/7 days per week, 365 days per year for the enrolled CHP members.	1.1.1 Contractor staff shall act in a professional manner in welcoming and assisting the County enrollee/member participants in providing services. 1.1.2 The NAL will provide immediate triage assessment by an RN, referral services, and patient education services to members. Through delivery of these services, Contractor's staff shall: 1) recommend callers seek clinically appropriate level of care, within an appropriate timeframe, and proper setting; and 2) provide education to members/enrollees and employees on how to better manage their own	1.1.1.1 Contractor shall work closely with County staff to establish a written implementation plan for NAL services within 5 calendar days after board approval, and implement agreed-upon services by 01/01/08. 1.1.2.1 Contractor shall establish the availability of a toll-free number for the CHP member enrolled population.

Nurse Advice Line (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		health. 1.1.3 Services, programs, forms, signs, notices and other written materials that Contractor uses for the provision of services must be available and offered in English, Spanish; and other required languages as requested by County and mutually agreed upon by both parties. 1.1.4 Provide interpretation services for members/enrollees who need them.	
2.0	2.1 Call Center Services	2.1.1 Contractor shall notify County of any member/enrollee who received advice to seek the services of a practitioner or provider within 24-48 hours of the advice/referral. The timeliness of notification will be commensurate with the imminence of member referral. 2.1.2 Contractor shall not diagnose a caller's ailment or provide treatment.	2.1.1.1 Notice shall be via email or via a daily report.
3.0	3.1 Implementation Plan	3.1.1 Contractor shall provide County staff standard training materials in preparation for implementation of services.	3.1.1.1 Contractor shall provide standard staff training materials.
4.0	4.1 Increase/decrease	4.1.1 County shall be responsible for Nurse Advice Line (CHP)	4.1.1.1 County shall notify

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
	of enrollee or membership participation	advising Contractor when enrollee/membership changes occur to enable Contractor to adjust staffing needs accordingly to ensure a seamless transition.	Contractor via written notification within 60 days or as soon as possible in the event changes are unforeseen.
5.0	5.1 Contractor Staffing Plan	<p>5.1.1 Contractor shall continually monitor its staffing plans throughout the life of the contract to ensure appropriate services to enrollees. County agrees to provide Contractor with notice of its intent to enroll a block of additional new enrollees within 60 days.</p> <p>5.1.2 County also agrees to provide Contractor with 60 days notice of its intent to remove a block of Members/enrollees. In the event that such removal is due to unforeseen events, County shall provide notice to Contractor within a reasonable time frame.</p>	<p>5.1.1.1 Contractor shall analyze the projected increase in call volume, and shall notify County of the period of time that is necessary for Contractor to increase staffing levels to handle the increased call volume.</p>
6.0	6.1 Algorithms	<p>6.1.1 Prior to the implementation date, Contractor shall provide County with a copy of the algorithms and incorporated self-care and education instructions ("Standard Algorithms") for County's review.</p>	<p>6.1.1.1 Contractor shall load the Standard Algorithms into contractor's database.</p> <p>6.1.1.2 Contractor shall release revisions and improvements to its Standard Algorithms and load the revisions and improvements into the</p>

Nurse Advice Line (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
7.0	7.1 Reporting	<p>7.1.1 Contractor shall provide County with a standard monthly reporting package, agreed upon by the County prior to launch, which shall enable County to monitor the effectiveness of the Clinical Triage Services. Standard reports shall be provided to County on-line via the internet of the standard reporting package. These standard reports may change as Contractor adds reports, deletes reports or enhances existing reports.</p> <p>7.1.2 If County requests that Contractor create ad hoc reports or wishes to change standard reports, Contractor will invoice County at a mutually agreed upon price or at \$150.00 per hour.</p> <p>7.1.3 At County's request, Contractor shall provide Member/enrollee call records to County in electronic form, to County designated health care providers or to other County designated parties as instructed by County.</p>	<p>database.</p> <p>7.1.1.1 Contractor shall provide the standard NAL reports. Reporting frequency (monthly, quarterly, annually) as determined by Contractor for the following reports:</p> <ul style="list-style-type: none"> • Executive Summary • Inbound and Outbound Person Entered Encounter Types • Telephone Activity for Automated Inbound Call Type • Member Redirection/Outcomes • Algorithm Utilization Summary by Type • Top 10 Algorithm Utilization • Demographics Report • Symptomatic Calls by Day of Week and Time of Day • Customer Service/Benefits Calls by Day of Week and Time of Day • Summary of Utilization for Top Ten Audio

Nurse Advice Line (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
			<p>Health Library Topics</p> <ul style="list-style-type: none"> • Entered Call Records for Top Ten Literature Requests • Informed Decision Support Activity Summary • Recap of Completed Health Counseling Folders • Informed Decision Support Assessment Summary • Informed Decision Support Outcomes Summary
8.0	8.1 AudioHealth Library®.	8.1.1 The Clinical Triage Services shall include patient/member access to the Contractor AudioHealth Library®. This is a telephone information services consisting of an audio text information library of prerecorded health information in English and Spanish that can be accessed by Members/enrollees by touch-tone or rotary telephone.	
9.0	9.1 Informed Decision Support Service.	9.1.1 The Clinical Triage Services shall include the Informed Decision Support Service, which is the provision by Contractor of clinical information, factual data, topic-specific literature, abstracts of	9.1.1.1 Contractor Monthly activity reports.

Nurse Advice Line (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		third-party research and general information, delivered by health care professionals using Contractor's proprietary Informed Decision Support Guidelines, to Members faced with a major medical decision or management of a chronic illness who request such information. Such information shall include without limitation general information, health education, non-directive treatment options and questions for Members to ask their physicians.	

Contractor Performance Outcome Measures:

Referrals to other programs: 75% of eligible callers are offered a navigation survey to determine referrals for appropriate programs, 30% of eligible callers offered the survey agree to participate in the survey, and of those surveyed, 30% agree to a referral to an appropriate program. Contractor shall report annually to County

75% inbound calls answered within 30 seconds or less
5% or less of calls abandoned after 30 seconds

Outcome:

Change in ER Visit rate per thousand members eligible for program vs. rate per thousand members not eligible for the program -5% for each year according to data requirements and methodology agreed upon by the parties and performed by County or designee

Satisfaction:
Satisfaction rating >80% of users will be satisfied or very satisfied with the nurse-line.

Nurse Advice Line (CHP)

DISEASE MANAGEMENT (DM) - COMMUNITY HEALTH PLAN (CHP)

ASTHMA PROGRAM
DIABETES PROGRAM
CORONARY ARTERY DISEASE PROGRAM
CHRONIC OBSTRUCTIVE PULMONARY DISEASE PROGRAM
HEART FAILURE PROGRAM

3. DESCRIPTION OF SERVICES:

The Contractor agrees at minimum, to meet or exceed NCQA requirements for Disease Management (including maintaining compliance with subsequent versions of NCQA Standards), and applicable federal and state laws and requirements as defined and agreed between County and Contractor. Contractor shall meet the expectations as outlined in this Statement of Work and specific needs as detailed.

Notwithstanding any other terms of this Agreement, Contractor shall perform the following tasks:

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
1.0	1.1 Identification of Eligible Members	<p>1.1.1 The Contractor shall provide active disease management/intervention for each DM Program for enrollees with high ("L3") and moderate ("L2") severity of illness based upon contractors stratification criteria/algorithm.</p> <p>The contractor will systematically identify members who qualify for its DMP using the following data sources:</p> <p>a) claims or encounter data</p>	<p>1.1.1.1 Contractor shall provide listing of eligible members monthly.</p>

Disease Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>b) pharmacy data, if applicable</p> <p>c) health risk appraisal results</p> <p>d) Results from Interactive consumer tools</p> <p>e) laboratory results, if applicable</p> <p>f) UM/CM referrals</p> <p>g) member and provider referrals</p> <p>The Contractor shall make initial contact by mailing with 100% of L2 and L3 eligible Members with the targeted condition(s) within 30 business days of receipt of member claims or encounter data. Initial launch contact schedule will be mutually agreed upon during the implementation process.</p> <p>1.1.2 Using Contractor procedures, Contractor's licensed registered Nurse shall:</p>	

Disease Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>a) Make an initial outbound telephonic attempt to all members identified as moderate or high risk</p> <p>b) Conduct periodic follow-up of the ongoing health status of Members base on Contractors protocols and appropriate to the level of risk/severity.</p>	
2.0	2.1 Contractor's Personnel	2.1.1 The Contractor shall ensure that all DM nurses employed by the Contractor are properly licensed and credentialed, based on the Contractor's policies and procedures and any additional requirements defined herein.	2.1.1.1 The Contractor shall provide a copy of applicable policies and procedures to County after thirty days after contract signing.
3.0	3.1 Disease Management Services	<p>3.1.1 The Contractor shall, through its Nurse Advice Line:</p> <p>a) Provide a 24 hour-a-day, seven day-a-week toll free nurse telephone consultation service to respond to Member and/or provider/Caregiver questions.</p> <p>b) Maintain electronic documentation of all telephone consultation</p> <p>3.1.2 The Contractor shall:</p> <p>a) Develop and provide educational Disease Management (CHP)</p>	<p>3.1.2.1 The Contractor shall provide all generally available and</p>

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>materials to communicate to Members identified as L2 and L3 about the DM Program including and not limited to how to use the programs' services, program eligibility, opt in and opt out procedures and relevant health care information</p> <p>b) Measure Member satisfaction with the DM Program at least annually.</p> <p>3.1.3 The Contractor shall maintain current accreditation under NCQA's Disease Management (DM) Standards.</p> <p>3.1.4 The Contractor shall adopt policies and procedures for providing DM program services that:</p> <p>a) Are based on valid and reliable clinical evidence or a consensus of health care professionals in a particular field</p> <p>b) Consider the needs of the Members</p> <p>c) Have been reviewed, and are updated as new information becomes available</p> <p>d) Ensure that services provided by the Contractor's staff are</p>	<p>Member specific written materials in a form which may be understood by each individual Member but generally at a 6th grade reading level or less in English and Spanish and other languages as required by state and federal law regulations. Contractor will quote County a fee for languages other than English and Spanish for the MEDI-CAL, IHSS and Healthy Families populations.</p> <p>3.1.4.1 Contractor shall maintain documentation of the DM services and provide member-specific reports to providers following the initial assessment and at periodic intervals according to Contractor procedures.</p>

Disease Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>consistent with the policies and procedures</p> <p>3.1.5 The Contractor understands and acknowledges that the County DM program is a voluntary program. County shall enroll all DM Program Eligibles in the DM program. However, Members may choose to voluntarily disenroll or "opt-out" of the DM Program at any time.</p> <p>3.1.6 Contractor shall provide a 24 hour-a-day, seven day-a-week nurse advice and screening line (NAL) for all DM Program Eligibles. The NAL shall provide health care advice for DM enrollees, providers, and caregivers from licensed Registered Nurses concerning emergent, urgent, or routine symptoms.</p> <p>3.1.7 The Contractor shall provide the following:</p> <ul style="list-style-type: none"> a) Ensure PCPs and other providers are notified they can participate in developing a plan of care for their DM Members. b) Assess Members' self-reported adherence to prescribed medical care and instructions related to Disease Management (CHP) 	<p>3.1.5.1 Contractor shall make the policies and procedures available to County upon request</p> <p>3.1.7.1 Contractor shall develop/produce educational materials.</p>

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>their disease and provide assistance to the Member in following instructions and guidelines as appropriate.</p> <p>c) Provide educational materials to L2 and L3 Members and/or their providers/Caregivers designed to help the Member meet the following goals:</p> <ul style="list-style-type: none"> • Be more effective partners in the care of their disease; • Have a better understanding of how to use available resources to manage their conditions; • Be able to identify signs of "trouble" earlier and seek appropriate attention before they reach crisis levels; and • Understand the need to follow the recommendations of their medical providers and the DM Nurses. <p>3.1.8 Contractor shall maintain documentation of services provided by the DM Program in a Member file. Member information will be provided to Member's medical providers and/or case managers as needed to ensure that the Member receives necessary services and periodically maintains reasonable and relevant</p>	<p>3.1.8.1 Contractor shall maintain documentation of services provided in member file and provide to County as requested by County.</p>

Disease Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
4.0	4.1 Education and Outreach	<p>communication with Member' medical providers. Such file shall adhere to the confidentiality provisions outlined in this Contract and shall comply with applicable HIPAA regulations.</p> <p>3.1.9 Allow Members to change nurse disease managers when appropriate or necessary.</p> <p>3.1.10 Coordinate with County to maintain sufficient data to identify the physicians who provide services to each Member as needed. Additionally, the Contractor shall maintain data to identify the nurse who interacted with the Member.</p> <p>3.1.11 Disease Management Program member Satisfaction survey shall be conducted and measured annually by the Contractor, utilizing a third party vendor to conduct the survey. The Contractor agrees to provide the Member survey to County for review</p> <p>4.1.1 The Contractor shall provide education and case management to DM Program Member (DMM) as described below:</p>	<p>3.1.11.1 Contractor shall conduct member satisfaction surveys annually and provide County with results.</p> <p>4.1.1.1 Contractor shall provide the County, on a monthly basis, with a list of member names and</p>

Disease Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>• Using Member contact data provided by County, the Contractor shall make at least five attempts (morning, afternoon, evening, and at least one on a weekend) to reach all DM L2 and L3 Program Eligibles by telephone. Calls will include calling on different days as well as different times of day in order to maximize the probability of interacting with the DM Program Eligibles will be used.</p> <p>4.1.2 The three categories are: Low Risk, Moderate Risk, and High Risk. Classification of the severity of the DMW's disease is based on the Contractor's proprietary risk stratification criteria that evaluate health care utilization and functional, medical, and psychosocial factors. The DMW's risk category determines the frequency of contacts necessary, including the extent of the education provided by the Contractor's staff to the DMW.</p> <p>4.1.3 If the DM Program Eligible does not wish to participate in the DM Program, the Member may voluntarily</p>	<p>Identification numbers that they were unable to reach after five attempts.</p> <p>4.1.3.1 Contractor shall report on a monthly basis, members who either opt/out, limit request</p>

Disease Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>include improved quality of life, and health status.</p> <p>c) Uses valid methods that provide quantitative results. Measurement of case management effectiveness includes the use of quantitative information derived from valid methodology. The contractor's methodology must clearly identify measure specifications and include documentation of the following:</p> <ul style="list-style-type: none"> • Numerator and denominator • Sampling methodology • Sample size calculation • Measurement periods and seasonality effects <p>t) Sets a performance goal. A performance goal is the desired level of achievement. Analysis results. Analysis of findings includes a comparison of results against goals and an analysis of the causes of any deficiencies (if appropriate). Analysis must go beyond data display or simple reporting of results.</p> <p>u) Identifies opportunities for improvement. The contractor uses qualitative and quantitative analysis to prioritize opportunities to improve. The</p>	

Complex Case Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>opportunities may be different each time the contractor measures and analyzes the data.</p> <p>v) Develops a plan for intervention and remeasurement. The contractor uses qualitative and quantitative analysis to prioritize opportunities to improve. The opportunities may be different each time the contractor measures and analyzes the data.</p> <p>w) Based on the results of measurement and analysis of case management effectiveness, the contractor:</p> <ul style="list-style-type: none"> • Implements at least one intervention to improve performance and • Remeasures to determine the impact of the intervention • Uses methods for remeasurement that are consistent with initial measurements. 	
4.0	4.1 Complex Case Management for Behavioral Health (BH) and Substance Abuse (SA)	<p>4.1.1 Contractor will follow the same essential processes for behavioral health and substance abuse as it does for medical Complex Case Management. Members will be identified for interventions and referred to the appropriate behavioral health resource by plan design. For example:</p>	<p>4.1.1.1 Contractor shall perform the following; <u>Healthy Families:</u> The Contractor acquires a list of Dept of Mental Health (DMH) providers from County, and arrange for referrals when necessary</p>

Complex Case Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<ul style="list-style-type: none"> • Healthy Families: The contractor acquires a list of Dept of Mental Health (DMH) providers and arranged for referrals when necessary • IHSS: Contractor interfaces with PacificCare BH to whom County has outsourced BH services for this population. <p>4.1.2 Contractor shall interact where appropriate with the above agencies/providers and develop a process through communication and/or through a technology platform as appropriate. Exchange of any clinical/BH information shall be in accordance with the HIPAA privacy requirements.</p> <p>4.1.3 Coordinating with and referral to SA providers shall be performed through an interaction with County's Alcohol and Drug program and its affiliated providers.</p>	<p><u>IHSS</u>: Contractor shall interact with PacificCare BH to whom County has outsourced BH services for this population.</p>

Contractor Performance Outcome Measures:

10% positive difference in 30-day readmission rate for engaged members vs. members who could not be found or refused, according to data requirements and methodology agreed upon by the parties and performed by Contractor.

Complex Case Management (CHP)

WELLNESS PROGRAM-COMMUNITY HEALTH PLAN (CHP)

5. DESCRIPTION OF SERVICES:

CHP's Wellness Program is comprised of Health Risk Assessment (HRA), Interactive Consumer Tools (ICT); and Wellness and Prevention activities.

The Contractor agrees at minimum, to meet or exceed NCQA 2007 MEM 1, 2, and 8 standards (including maintaining compliance with subsequent versions of NCQA Standards), and applicable federal and state laws and requirements as defined and agreed between County and Contractor. Contractor shall meet the expectations as outlined in this Statement of Work and specific needs as detailed. Services, programs, forms, signs, notices and other materials that Contractor uses for the provision of services must be available and offered in English and Spanish.

Notwithstanding any other terms of this Agreement, Contractor shall perform the following tasks:

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
1.0	1.1 Health Risk Assessment (HRA) Contractor agrees that its programs will include at a minimum the following programmatic requirements.	1.1.1 The Contractor shall provide Health Risk Assessments (HRAs) to members that include the following: a) Questions that assess member demographic characteristics b) Questions that address personal and family health history c) Questions that address self-perceived health status to predict a member's likelihood of experiencing the most common illnesses d) Disclosure regarding how the information obtained from the HRA will be used and to whom it will be disclosed e) The ability to save and print the resulting report on the Web and receive a written copy of	1.1.1.1 Contractor shall provide HRA's to members and provide to County monthly reports that shall include the following: <ul style="list-style-type: none">• results of the member assessments• Number of users accessing web-based HRA• Number of members to whom hard copies were mailed• Member response rate
Health Risk Assessment (HRA) (continued) Wellness Program (CHP)			

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
	<p>Health Risk Assessment (HRA) (continued)</p>	<p>results for non-Web versions</p> <p>1.1.2 The HRA must provide online results in a report that can be printed by users. The HRA report must include a profile of individual risk level for specific conditions according to age, gender, ethnicity and risk factors that were identified in the questionnaire. It must clearly identify the specific behaviors that can lower the risk for each risk factor and recommend targets for improvement.</p> <p>1.1.3 The HRA report must include references to resources to help members understand their results, and help them change to a healthier lifestyle. Resources may include references to relevant online sources, materials and community programs.</p> <p>1.1.4 Minimally the HRA Scope must include assessment of health risks related to personal health characteristics and behaviors listed below:</p> <ul style="list-style-type: none"> a) Weight b) Height c) Smoking d) Blood pressure e) Cholesterol f) Physical activity g) Alcohol consumption 	<p>Wellness Program (CHP)</p>

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
	<p>Health Risk Assessment (HRA) (continued)</p>	<p>h) Traveling by motor vehicle i) Managing stress j) Mental health</p> <p>1.1.5 As a follow-up to the HRA the Contractor provides specific information on the following factors:</p> <ul style="list-style-type: none"> a) Achieving a healthy weight b) Eating right c) Smoking cessation d) Lowering blood pressure e) Lowering cholesterol f) Keeping physically active g) Driving safely h) Safe use of alcohol i) Managing stress j) Maintaining mental health <p>Follow up information must be specific to the individual's HRA results and personal risks. Information must be provided on areas identified as risks to the member.</p> <p>1.1.6 As a follow-up to the HRA the organization makes resources related to the following issues to members interested in changing their health behaviors:</p> <ul style="list-style-type: none"> a) Achieving a healthy weight b) Eating right c) Smoking cessation d) Lowering blood pressure <p>Wellness Program (CHP)</p>	

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
	Health Risk Assessment (HRA) (continued)	<p>e) Lowering cholesterol f) Keeping physically active g) Driving safely h) Safe use of alcohol i) Managing stress j) Maintaining mental health</p> <p>Follow up information must be specific to the individual's HRA results and personal risks. Information must be provided on areas identified as risks to the member. Examples of resources include references to available providers or programs and community programs. Examples of programs include health club membership opportunities, smoking cessation programs, referrals to disease management programs, etc.</p> <p>1.1.7 The Contractor makes the HRA available through the following methods:</p> <p>a) Web Site (English and Spanish) b) Alternative media such as mail (English only)</p> <p>1.1.8 The Contractor maintains a process for mailing HRAs to members that do not have access to a Web Site and request a print version; in addition to a system for receiving returned HRAs. All mailed HRAs will include a business reply return envelope.</p> <p>Wellness Program (CHP)</p>	

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
2.0	<p>Health Risk Assessment (HRA) (continued)</p> <p>2.1 Interactive Consumer Tools (ICT)</p>	<p>2.1.1 Contractor agrees that its programs will include at a minimum the following programmatic requirements.</p> <p>2.1.2 The Contractor shall develop and maintain a Web Site to provide tools that addresses major health risk factors, empowering members to actively manage their health. The Web Site must offer evidence-based, interactive consumer health tools that provide members with the following information:</p> <ul style="list-style-type: none"> a) Smoking cessation b) Weight loss or maintaining a healthy weight (including BMI) c) Exercise d) Childhood immunizations e) Adult preventive health screenings f) Managing stress g) Depression screening <p>Wellness Program (CHP)</p>	<p>2.1.1.1 Contractor shall develop and maintain a Web Site to provide tools and programs.</p>

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>h) Safe use of alcohol</p> <p>2.1.3 Contractor shall ensure that consumer health tools as interactive, personalized questionnaires that help members determine risk factors, provide guidance on preventive health issues and, based on member input, recommend ways to improve members' health. Interactive tools shall facilitate member input of information and provide immediate results based on the member's information.</p> <p>2.1.4 Evidence-based tools must use recognized sources, such as professional medical associations, voluntary health organizations and NIH Centers and Institutes. Citing recognized sources prominently on the tool fulfills the evidence-based requirement. The organization may also provide documentation of the process that details what sources were used and how they were used-to develop or adopt tools.</p> <p>2.1.5 At a minimum, Contractor shall ensure adult preventive health screening tools must address the following screenings for which there is broad consensus.</p> <ul style="list-style-type: none"> • Colorectal cancer screening • Breast cancer screening • Cervical cancer screening <p>2.1.6 Both the Contractor and County recognize that under NCGA's Wellness Program (CHP)</p>	<p>2.1.6.1 Contractor</p>

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>Standards contracting with a vendor to provide consumer health tool services does not constitute the vendor relationship to be delegation. However, CHP is responsible to ensure the vendors tools meet the NCQA standards.</p> <p>2.1.7 The Contractor shall on an biannual basis and when new clinical evidence indicates updates are appropriate, reviews its consumer health tools on the following issues and updates them as appropriate:</p> <ul style="list-style-type: none"> a) Smoking cessation b) Weight loss or maintaining a healthy weight (including BMI) c) Exercise d) Childhood immunizations e) Adult preventive health screenings f) Managing stress g) Depression screening h) Safe use of alcohol i) The Contractor shall maintain documentation of updates and notifies CHP of all updates, including the new clinical evidence used for the updates. <p>2.1.8 The Contractor shall test each consumer health tool on the following issues for understandability and usefulness to members and provides documentation of the testing to CHP.</p> <ul style="list-style-type: none"> a) Smoking cessation 	<p>shall provide a "test" or "demo" ID number and data to assess functionality for NCQA reviews of the element through that mechanism.</p> <p>In lieu of NCQA the Contractor shall provide screen shots of Web functionality, supplemented with documents specifying the required features and functions of the site and evidence that functionality performs as specified.</p> <p>2.1.8.1 The Contractor provides evidence of usability testing for NCQA reviews</p>

Wellness Program (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>b) Weight loss or maintaining a healthy weight (including BMI)</p> <p>c) Exercise</p> <p>d) Childhood immunizations</p> <p>e) Adult preventive health screenings</p> <p>f) Managing stress</p> <p>g) Depression screening</p> <p>h) Safe use of alcohol</p> <p>2.1.9 The Contractor may count "hits" to a content page, which could be HTML, ASP, PDF or other links from the Web site. Although many organizations distinguish Web site "hits" between one-time visitors and repeat visitors, Note: NCCQA Standard Element D, does not require the organization to track unique or one-time visitors, or users ("impressions") to calculate rates.</p> <p>County must be able to monitor usage rates until the point at which the member leaves its site. NCCQA does not require the organization to distinguish between member access and general access or to track other measures such as download frequency of specified documents and tools, although these requirements may be added in future versions of the standards.</p> <p>The Contractor provides printer friendly copies of the consumer health tools from the Web Site.</p>	<p>2.1.9.1 The Contractor uses the following rates to monitor use of its Web-based consumer health tools and provides the monthly reports to OMC on:</p> <p>a) The rate of users accessing health tools, relative to overall Web site access.</p> <p>b) The rate of users completing health tools, relative to users accessing tools.</p> <p>c) The rate of users accessing provided follow up information, relative to users completing</p>

Wellness Program (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
			<p>d) The Contractor provides standard monthly reports on the use of the site to County.</p>
3.0	3.1 Wellness and Prevention	<p>3.1.1 Contractor agrees that its programs will include at a minimum the following programmatic requirements.</p> <p>a) The identification of eligible members for wellness activities using the following data sources:</p> <ul style="list-style-type: none"> • Claims and encounter data • Pharmacy data • HRA results • Data collected through UM processes <p>b) The Contractor operates within HIPAA regulations to use the clinical data to identify members.</p> <p>c) Based on the member identification efforts, the Contractor provides the following activities to support member wellness:</p> <ul style="list-style-type: none"> • Member-specific reminders for needed care based on condition or risk factor. 	<p>3.1.1.1 The Contractor shall report monthly on members for whom incentives were used and their subsequent participation in the HRA.</p>

Wellness Program (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<ul style="list-style-type: none"> • Member-specific reminders about missed services. • Information about evidence-based guidelines and diagnostic and treatment options • Automated member-specific outreach with links to Web-based health tools that help guide members on preventive health issues and recommend ways to improve member's health based on their input. o Information about community-based resources such as referrals to providers or programs, member's own physicians or educational resources. o Information about affinity programs. Affinity programs are programs where the organization has a relationship with vendors that offer member discounts or other services which might not be covered benefits. <p>d) At the sole cost of County, Contractor shall collaborate with County to implement incentive programs to encourage wellness activities.</p>	

Contractor Performance Outcome Measures:

Wellness Program (CHP)

No customization - Spanish and English only, monthly data feed to Contractor for identification and stratification purposes, Compliant with NCQA standards (MEM 1 and 2). Members' results from questionnaire are immediate. Contractor cannot agree to return rates.

Wellness Program (CHP)

EXHIBIT B

Nurse Advice Line and Disease Management Services Agreement

BILLING AND PAYMENT

1. GENERAL REQUIREMENTS: County shall, under the following terms and conditions, reimburse Contractor for the services rendered pursuant to this Agreement:

A. Reimbursement by the County shall only be for services provided under the terms of this Agreement, and shall constitute payment in full.

B. Contractor agrees that all invoices for services provided to the Community Health Plan shall be submitted directly to County and further agrees that Contractor, its agents, trustees, or assignees will look solely to County for payment.

C. In the event that County cannot or will not reimburse for services performed hereunder, Contractor shall hold harmless Healthy Way LA and Community Health Plan enrollees for the costs of such services.

2. BILLINGS:

A. Contractor shall bill County monthly in arrears in accordance with the rates set forth in Schedule B, RATE SCHEDULE, attached hereto and referenced herein.

B. Each invoice submitted by Contractor shall include:

1. The name of Contractor as said name appears on the first page of this Agreement, including the County contract number of this Agreement.

2. The description of services for which payment is claimed;

3. The billing period;

4. Contractor discount, when applicable;

5. The net amount due Contractor.

6. Indication of any applicable withhold amount for payments claimed or reversals thereof.

7. Indication of any applicable credits due to County under the terms of this Agreement or reversals thereof, including credits for any liquidated damages assessed in accordance with Paragraph 33, LIQUIDATED DAMAGES, of the Additional Provisions of this Agreement.

8. Any other information requested by County's Project Director.

C. All Contractor billing(s) under this Agreement shall be forwarded to the following address:

COMMUNITY HEALTH PLAN
1000 South Fremont Avenue
Building A-9 East, Second Floor, Unit 4
Alhambra, CA 91803-8859
Attn: Finance Section

3. PAYMENT:

A. County shall reimburse Contractor at the rates set forth in Schedule B, RATE SCHEDULE, and within the timeframes defined herein.

B. Subject to the terms and conditions of this Agreement, and upon receipt of a complete and correct billing statement, County shall reimburse Contractor within thirty (30) calendar days in arrears upon receipt of Contractor's billing(s). County shall pay all services which County considers complete and correct. Payment for incorrect billings shall be included no later than the payment cycle following the month of receipt by County of Contractor's corrected billings.

C. The rates set forth under this Agreement shall be the sole consideration paid to Contractor by County.

D. Director shall evaluate all services and tasks performed by Contractor. If, in the Director's sole discretion, Contractor is deemed to be non-compliant with the terms and obligations assumed hereby, County shall make payment in accordance with the terms of this Exhibit for all sums invoiced except for disputed amounts. Such disputes shall be settled in accordance with Paragraph 33, LIQUIDATED DAMAGES, of the Additional Provisions of this Agreement.

SCHEDULE B
Nurse Advice Line and Disease Management Services Agreement
Rate Schedule

McKesson Health Solutions Program Component: Healthy Way LA Nurse Advice Line		Standard Package	Value Added	Cost
1	Nurse Advice Line (\$ Rate per Call) McKesson 24/7 Nurse Advice Line uses 450 patented binary branch chain logic symptom algorithms to assess and triage members to the appropriate level of care and time frame based on presenting symptoms. We have developed more than 990 self-care instruction sets to provide the nurse with content to help counsel the member on how to administer their own self-care and perhaps more importantly, what symptoms to watch for that would require them to call the nurse again or seek further care. Our algorithms have been proven to safely and effectively direct callers to the appropriate level of care and to most closely match physician recommendations.	X		\$28.04
2	Monthly Data Processing – Enrollment/Eligibility/Provider	X		Included
3	Nurse Advice Line – Work at Home Model	X		Included
4	Reporting—McKesson package	X		Included
LADHS has elected to purchase the above services at program launch.				
5	Navigation (\$ Rate per Call) Description / Outcome: When a member who is eligible for another program (Coverage Initiative's DM, or McKesson's Post Discharge Case Management, or other) Nurse Advice Line facilitates movement of member to the appropriate program. This allows a more seamless experience for the member who is engaged at the moment of their interest.		X	\$14.02
6	Marketing Communication – 1 New Member Kit; 3 targeted Mailings (Annual Fee) Description / Outcome: This communications package ensures a good rate of participation from the members. Participation rate is critical to program success – getting members to the right level of care.		X	\$133,920
7	Audio Health Library (\$ Rate per Call) Description / Outcome – There are some issues that members would prefer to learn about with anonymity, or repeatedly. Audio Health Library provides them with this opportunity. Members can access the Audio Health Library within a call with a nurse or independently. Measures of success are similar to those for the Nurse Advice Line, though not as robust, because using this passive tool, we don't get a commitment from the member as to their intention post call.		X	\$4.21
8	Informed Decision Support (\$ Rate per Call) Description / Outcome – This service is for members who have complex health conditions, or are newly diagnosed with a life-changing event. Here, nurses provide the member with pre-screened materials about their condition, counsel them on the various factors that might influence their treatment decision, etc. Use of this service leads to greater member satisfaction and less consumption of resources, as the member is approaching caregivers with greater information.		X	\$140.12
Sub Total – Standard Package NAL (per Call Rate x Volume)				\$78,231
Estimated Program Year 1 Fees based on Selected Services				\$78,231

Notes:

- 1) Nurse Advice Line has been selected for inclusion in the LADHS / McKesson contract.
- 2) Assumes 93,000 members and a .03 call rate for NAL.
- 3) Member Marketing Communications, Navigation, Audio Health Library and Informed Decision Support services are NOT included in the LADHS / McKesson contract. The description and references to these services contained in the statement of work are for reference in the event LADHS elects to purchase these options at a future date. The prices listed above for these services are valid for 120 days from contract signing.
- 4) Program pricing assumes no fees at risk for financial outcomes or Contractors Performance Outcome Measures.
- 5) Calls requiring Translation Services (all non-Spanish) are invoiced at 2 times the applicable per call rate.
- 6) Faxes to providers are invoiced at \$1.00 per fax.
- 7) Ad Hoc reports identified in the Statement of Work and Exhibit A section M, will be invoiced at a mutually agreed upon price or \$150.00 per hour.
- 8) The unit pricing included above is fixed for 36 months from initial launch. If an optional extension in years 4 and 5 is selected, fees may be adjusted based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics'

Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the Agreement anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the County's Chief Executive Office (CEO) as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County employee salaries no cost of living adjustments will be granted. Contractor shall request said adjustment six (6) months prior to the then current Extension Year expiration date. If so approved by County, the adjusted rates shall take effective upon County's exercise of the subsequent Extension Year.

- 9) Estimated annual year 1 fees may be adjusted for actual program service launch date.
- 10) Pricing assumes all plans and services are selected (CI NAL, CHP NAL, CHP CCM, CHP DM & CHP Wellness / HRA).

McKesson Health Solutions Program Component: CHP Nurse Advice Line		Standard Package	Value Added	Cost
1	Nurse Advice Line (\$ Rate per Call) McKesson 24/7 Nurse Advice Line uses 450 patented binary branch chain logic symptom algorithms to assess and triage members to the appropriate level of care and time frame based on presenting symptoms. We have developed more than 990 self-care instruction sets to provide the nurse with content to help counsel the member on how to administer their own self-care and perhaps more importantly, what symptoms to watch for that would require them to call the nurse again or seek further care. Our algorithms have been proven to safely and effectively direct callers to the appropriate level of care and to most closely match physician recommendations.	X		\$28.04
2	Monthly Data Processing – Enrollment/Eligibility/Provider	X		Included
3	Nurse Advice Line – Work at Home Model	X		Included
4	Reporting—McKesson package	X		Included
5	Navigation (\$ Rate per Call) Description / Outcome: When a member who is eligible for another program (McKesson's Disease Management or Complex Case Management) Nurse Advice Line facilitates movement of member to the appropriate program. This allows a more seamless experience for the member who is engaged at the moment of their interest.		X	\$14.02
6	Audio Health Library (\$ Rate per Call) Description / Outcome – There are some issues that members would prefer to learn about with anonymity, or repeatedly. Audio Health Library provides them with this opportunity. Members can access the Audio Health Library within a call with a nurse or independently. Measures of success are similar to those for the Nurse Advice Line, though not as robust, because using this passive tool, we don't get a commitment from the member as to their intention post call.		X	\$4.21
7	Informed Decision Support (\$ Rate per Call) Description / Outcome – This service is for members who have complex health conditions, or are newly diagnosed with a life-changing event. Here, nurses provide the member with pre-screened materials about their condition, counsel them on the various factors that might influence their treatment decision, etc. Use of this service leads to greater member satisfaction and less consumption of resources, as the member is approaching caregivers with greater information.		X	\$140.12
LADHS has elected to purchase the above services at program launch.				
8	Marketing Communication - 2x mailings (Annual Fee) Description / Outcome: This communications package ensures a good rate of participation from the members and is consistent with what members who were previously served by LA Care have received. Participation rate is critical to program success – getting members to the right level of care.		X	\$239,040
	Sub Total – Standard Package NAL (per Call Rate x Volume)			\$139,639
	Sub Total – All Value Added Elements Recommended (per Call Rate x Volume)			\$ 38,391
	Estimated Program Year 1 Fees based on Selected Services			\$178,030

Notes:

- 1) Nurse Advice Line, Navigation, Audio Health Library and Informed Decision Support services have been selected for inclusion in the LADHS / McKesson contract.
- 2) The estimated annual fees assume 166,000 members and a .03 call rate for NAL; .005 call rate for Navigation; .005 call rate for AHL; .001 call rate for IDS. Actual usage will be invoiced at the above rates.
- 3) Program pricing assumes no fees at risk for financial outcomes or Contractors Performance Outcome Measures.
- 4) Calls requiring Translation Services (all non-Spanish) are invoiced at 2 times the applicable per call rate.
- 5) Faxes to providers are invoiced at \$1.00 per fax.
- 6) Member Marketing Communications is NOT included. The description and references to Member Communications contained within the statement of work are for reference in the event LADHS elects to purchase this option at a future date. The price listed above for this service is valid for 120 days from contract signing.
- 7) Ad Hoc reports identified in the Statement of Work and Exhibit A section M, will be invoiced at a mutually agreed upon price or \$150.00 per hour.

- 8) The unit pricing included above is fixed for 36 months from initial launch. If an optional extension in years 4 and 5 is selected, fees may be adjusted based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the Agreement anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the County's Chief Executive Office (CEO) as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County employee salaries no cost of living adjustments will be granted. Contractor shall request said adjustment six (6) months prior to the then current Extension Year expiration date. If so approved by County, the adjusted rates shall take effective upon County's exercise of the subsequent Extension Year.
- 9) Estimated annual year 1 fees may be adjusted for actual program service launch date.
- 10) Pricing assumes all plans and services are selected (CI NAL, CHP NAL, CHP CCM, CHP DM & CHP Wellness / HRA).

McKesson Health Solutions Program Component: CHP Complex Case Management		Standard	Value Added	Cost
1	Complex Case Management – 2 month duration (PMPM) Our Complex Case Management program by reducing avoidable, expensive medical costs by proactively identifying and enrolling new members. McKesson matches these high-risk member with available care coordination resources. Resources can be targeted at the beneficiaries most in need.	X		\$0.0838
2	Monthly Data Intake	X		Included
3	Identification and Stratification (same as Disease Management)	X		Included
4	Enrollment	X		Included
5	Engagement – telephonic model, work at home	X		Included
6	Reporting – McKesson package	X		Included
7	Grand Rounds Description / Outcomes: Grand Rounds is an opportunity for representatives of CHP and McKesson to discuss the disposition of individual cases – who should be handling which case, when it's appropriate to close and/or refer to another party. Grand Rounds helps to ensure that members receive continuity of care.		X	\$0.01
8	Customized Identification (real time referrals, etc.) Description / Outcomes: Use of McKesson's Patient Identification Exchange (PatIE) allows Disease Management nurses and others mutually agreed upon to alert McKesson to identify members eligible for the Complex Case Management program in near real time. Without the use of PatIE, cases would not be identified until a file/report based data exchange had happened. Bringing this tool into play allows the intervention to begin when the member is most in need.		X	N/C if selected in DM
9	Engagement – Community Based Nurse Description / Outcomes: A small minority of members require a face-to-face intervention. Most of these can be referred to telephonic engagement after the individual has come to trust the purpose of the program, or their most immediate medical situation has been resolved. Community Based nurses offer the member tangible evidence that the program is "for them".		X	N/C if selected in DM
LADHS has elected to purchase the above services at program launch.				
	Sub Total – Standard Package (PMPM)			\$0.0838
	Sub Total – All Value Added Elements recommended			\$0.01
	Sub Total – Plan Recommended for CHP			\$0.0938
	Estimated Program Year 1 Fees based on Selected Services			\$186,850

Notes:

- 1) The above items have been selected for inclusion in the LADHS / McKesson contract.
- 2) Standard McKesson Telephonic Case Management Program is assumed with 10% of the care management team located in the community and providing the face to face intervention.
- 3) Standard Member and Provider Communications is assumed (Post Assessment).
- 4) Standard Reporting is included.
- 5) Annual patient satisfaction surveys are included.
- 6) Basic Patient Identification is included.
- 7) IVR Flu shot reminders are NOT included for this population.
- 8) Health Risk Assessment / Wellness for this population is priced separately.
- 9) There are no enrollment incentives included for this population but incentives may be priced at a future date.
- 10) Integration to parties outside McKesson is the responsibility of LADHS. This requires that LADHS provide referral information to McKesson. No systemic exchange of information is anticipated.
- 11) Local Medical Director and dedicated staff are not included.
- 12) Standard Operational performance metrics are assumed.
- 13) Case Management Program assumes a 2 month intervention with an average of 4 contacts.
- 14) Churn is assumed to be 3%.
- 15) Population size is assumed to be 166,000 members; pricing will be adjusted + 5% for a downward change to population size beyond -15% and will be adjusted -5% for an upward change to population size beyond +15%.
- 16) Program pricing assumes no fees are at risk for financial outcomes or Contractors Performance Outcome Measures.

- 17) Assumes 452 members under management annually (0.27% of the population enrolled).
- 18) A proportional adjustment to the PMPM rate would occur should members managed exceed 452. This proportional adjustment would be discounted by 10%.

Example

- a. Number of members managed increases above 452 by 20% to 542.
 - b. Current PMPM is \$0.0838 (using base PMPM for this example).
 - c. New PMPM formula is $(\text{Current PMPM} + (\text{Current PMPM} \times 20\% \times 90\%)) = \text{New PMPM Rate}$.
 - d. The resulting PMPM would be $(\$0.0838 + (\$0.0838 \times 20\% \times 90\%)) = \0.099 .
- 19) No additional cost for Customized Identification and Community Based Nurse Engagement as these options have been selected in the Disease Management portion of the contract.
 - 20) Ad Hoc reports identified in the Statement of Work and Exhibit A section M, will be invoiced at a mutually agreed upon price or \$150.00 per hour.
 - 21) The unit pricing included above is fixed for 36 months from initial launch. If an optional extension in years 4 and 5 is selected, fees may be adjusted based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the Agreement anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the County's Chief Executive Office (CEO) as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County employee salaries no cost of living adjustments will be granted. Contractor shall request said adjustment six (6) months prior to the then current Extension Year expiration date. If so approved by County, the adjusted rates shall take effective upon County's exercise of the subsequent Extension Year.
 - 22) Estimated annual year 1 fees may be adjusted for actual program service launch date.
 - 23) Pricing assumes all plans and services are selected (CI NAL, CHP NAL, CHP CCM, CHP DM & CHP Wellness / HRA).
 - 24) If the County adds Post Discharge Case Management at the rates and minimum quantities outlined in McKesson's pricing dated October 18, 2007, then McKesson agrees to reduce the unit cost for the Disease Management and Complex Case Management programs by three percent (3%) in consideration of the bundled services. This discount will be effective on the month of the County's initiation of the Post Discharge Case Management program so long as initiation is during the original term of the Agreement (prior to August 31, 2010).
 - 25) If the County enters into a contract for software within McKesson's suite of patient care management products such as CareEnhance Clinical Management Software (CCMS), then McKesson agrees to reduce the unit cost for the Disease Management and Complex Case Management programs by up to three percent (3%) in consideration of additional product being purchased. This proposed discount will be effective on the month of the County's initiation of the license agreement or contract supplement and will be determined as a percentage of the annual license fees as compared to \$880,000. By way of example, if the Care Management annual license fees are \$293,333, then a discount of one percent (1%) would be applied $(293,000 / 880,000 \times 0.03) = .01$.

McKesson Health Solutions Program Component: CHP Disease Management				
		Standard	Value Added	Cost
1	Disease Management (PMPM Rate) McKesson offers disease management programs likely to reach the majority of chronically ill members in a given population including: Heart Failure, Chronic Obstructive Pulmonary Disease (COPD), Asthma, Coronary Artery Disease (CAD) and Diabetes. The goal is to engage each member and provider in a comprehensive disease management solution.	X		\$1.288
2	Monthly Data Required – Enrollment/Eligibility, Medical Claims, Pharmacy Claims, Provider	X		Included
3	Identification and Stratification – High Cost, High Risk	X		Included
4	Enrollment – < 40%	X		Included
5	Engagement – Telephonic Nurse, standard call flows, Work at Home Model	X		Included
6	Engagement – Member Communication integrated into program (High & Moderate severity members)	X		Included
7	Reporting – McKesson package (see below)	X		Included
8	Stratification Program - L2 and L3 (outbound calls)	X		Included
9	Customized Identification Description / Outcomes: Use of McKesson's Patient Identification Exchange (PatIE) allows Disease Management nurses and others mutually agreed upon to alert McKesson to identify members eligible for the Case Management program in near real time. Without the use of PatIE, cases would not be identified until a file/report based data exchange had happened. Bringing this tool into play allows the intervention to begin when the member is most in need.		X	\$0.02
10	Engagement – Community Based Nurse Description / Outcomes: A small minority of members require a face-to-face intervention. Most of these can be referred to telephonic engagement after the individual has come to trust the purpose of the program, or their most immediate medical situation has been resolved. Community Based nurses offer the member tangible evidence that the program is "for them".		X	\$0.02
LADHS has elected to purchase the above services at program launch.				
11	IVR Flu Shot reminders to population (PMPM Rate) Description / Outcomes: Research has repeatedly shown that Flu Shots have a profound positive impact on the health of the population. McKesson's own research leads to the same conclusion. An outbound Integrated Voice Response (IVR) campaign reaches all those for whom we have a valid phone number within the specified date range.		X	\$0.07
12	Member Communications to entire population. Description / Outcomes: Member communications to those identified as L1 risk level provides an intervention to those who are not currently at high risk for spending, but who may become so. These mailings inform these members about the signs and symptoms of decompensation, when to see their physician, when to contact McKesson to enroll actively in our program and how to use medical resources. This is a cost avoidance measure.		X	\$0.18
	Sub Total – Standard Package (PMPM)			\$1.288
	Sub Total – All Value Added Elements recommended for CHP (PMPM)			\$0.04
	Sub Total – Recommended for LA DHS (PMPM)			\$1.328
	Estimated Program Year 1 Fees based on Selected Services			\$2,645,376

Notes:

- 1) Standard Disease Management, Customized Identification and Community Based Engagement have been selected for inclusion in the LADHS / McKesson contract.

- 2) Standard McKesson Telephonic Disease Management Programs are assumed with 5% of the care management team located in the community and providing the face to face intervention for the Healthy Families, MediCal and In Home Supportive Services populations.
- 3) Standard Member and Provider Communications for High and Moderate severity members is assumed (Post Assessment).
- 4) Standard Reporting is included.
- 5) Annual patient satisfaction surveys are included.
- 6) Basic Patient Identification is included.
- 7) Health Risk Assessment / Wellness for this population is priced separately.
- 8) There are no enrollment incentives included for this population.
- 9) Integration to parties outside McKesson is the responsibility of LADHS. This requires that LADHS provide referral information to McKesson. No systemic exchange of information is anticipated.
- 10) Local Medical Director and dedicated staff are not included.
- 11) Standard Operational performance metrics are assumed.
- 12) The following findable disease prevalence is assumed:

	AST	DIA	HF	COPD	CAD
Healthy Families (20,000 members)	5%	1%	0%	0%	0%
MediCal (116,000 members)	5%	1%	0.5%	0.5%	0.5%
IHSS (30,000 members)	3%	3%	2%	2%	2%

- 13) This is a High Cost / High Risk model with 16.7% of disease eligible members targeted to be enrolled.
- 14) Churn is assumed to be 3%.
- 15) Population size is assumed to be 166,000 members; pricing will be adjusted + 5% for a downward change to population size beyond -15% and will be adjusted -5% for an upward change to population size beyond +15%.
- 16) Program pricing assumes no fees are at risk for financial outcomes or Contractors Performance Outcome Measures.
- 17) The following stratification is assumed:

	AST	DIA	HF	COPD	CAD
High Severity Members	15%	35%	35%	25%	15%
Moderate Severity Members	25%	45%	45%	30%	25%
Low Severity Members	60%	20%	20%	45%	60%

- 18) Ad Hoc reports identified in the Statement of Work and Exhibit A section M, will be invoiced at a mutually agreed upon price or \$150.00 per hour.
- 19) The unit pricing included above is fixed for 36 months from initial launch. If an optional extension in years 4 and 5 is selected, fees may be adjusted based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the Agreement anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the County's Chief Executive Office (CEO) as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County employee salaries no cost of living adjustments will be granted. Contractor shall request said adjustment six (6) months prior to the then current Extension Year expiration date. If so approved by County, the adjusted rates shall take effective upon County's exercise of the subsequent Extension Year.
- 20) Member Marketing Communications to entire population and IVR Flu Shot Reminders are NOT included in the LADHS / McKesson contract. The description and references to these services contained within the statement of work are for reference in the event LADHS elects to purchase these services at a future date. The prices listed above for these services is valid for 120 days from contract signing.
- 21) Estimated annual year 1 fees may be adjusted for actual program service launch date.
- 22) Pricing assumes all plans and services are selected (CI NAL, CHP NAL, CHP CCM, CHP DM & CHP Wellness / HRA).
- 23) If the County adds Post Discharge Case Management at the rates and minimum quantities outlined in McKesson's pricing dated October 18, 2007, then McKesson agrees to reduce the unit cost for the Disease Management and Complex Case Management programs by three percent (3%) in consideration of the bundled services. This discount will be effective on the month of the County's initiation of the Post Discharge Case Management program so long as initiation is during the original term of the Agreement (prior to August 31, 2010).
- 24) If the County enters into a contract for software within McKesson's suite of patient care management products such as CareEnhance Clinical Management Software (CCMS), then McKesson agrees to reduce the unit cost for the Disease Management and Complex Case Management programs by up to three percent (3%) in consideration of additional product being purchased. This proposed discount will be effective on the month of the County's initiation of the license agreement or contract supplement and will be determined as a percentage of the annual license fees as compared to \$880,000. By way of example, if the Care Management annual license fees are \$293,333, then a discount of one percent (1%) would be applied ($293,000 / 880,000 \times 0.03 = .01$).

McKesson Health Solutions Program Component: CHP Wellness Program				Standard	Value Added	Cost
1	Wellness Program (PMPM) Health and wellness services combined with disease management fuels greater participation and utilization by engaging members across multiple touch points. Further, health and wellness integration create a better member experience and leads to higher satisfaction rates by eliminating uncoordinated care and fragmented programs.	X				\$0.221
2	Web Based Health Risk Assessment <ul style="list-style-type: none"> HealthMedia® Succeed™ ("Succeed" or "HRA") - Health risk assessment that assesses adult health behavior and risk. 	X				
3	Lifestyle Management Programs ("LMP") <ul style="list-style-type: none"> HealthMedia® Balance™ ("Balance") - Facilitates weight management and physical activity. HealthMedia® Breathe™ ("Breathe") - Enables successful smoking Cessation. HealthMedia® Relax™ ("Relax") - Facilitates stress management. HealthMedia® Nourish™ ("Nourish") - Simplifies the complex task of making healthy eating decisions. 	X				
4	Disease Management Programs ("DM") <ul style="list-style-type: none"> HealthMedia® Care™ for Your Health ("Care for Your Health" or "CFYH") - Enables the development of self-management skills around chronic conditions. HealthMedia® Care™ for Your Back ("Care for Your Back" or "CFYB") - Facilitates the prevention and management of low back pain. HealthMedia® Care™ for Diabetes ("Care for Diabetes" or "CFD") - Facilitates the management of diabetes. HealthMedia® Care™ for Pain ("Care for Pain" or "CFP") - Facilitates the prevention and management of pain. 	X				
5	Behavioral Health Programs ("BHP") <ul style="list-style-type: none"> HealthMedia® Overcoming™ Depression ("Depression") - Provides participants with online exercises and tools to address a wide range of issues associated with depression. HealthMedia® Overcoming™ Insomnia ("Insomnia") - Facilitates recovery from insomnia in a six week interactive program. 	X				
6	Spanish Language Versions ("Spanish Products") HealthMedia will also provide County's Eligible Participants with web access to Spanish language versions of the following HealthMedia programs: <ul style="list-style-type: none"> HealthMedia® Succeed™ HealthMedia® Balance™ HealthMedia® Breathe™ HealthMedia® Relax™ HealthMedia® Nourish™ HealthMedia® Care™ for Your Back 	X				
7	Paper based Health Risk Assessment (HRA) (Each) Description / Outcome: Delivery (by traditional post) of a paper copy of the Health Risk Assessment tool with return envelope. Once the HRA is scored, a paper based output is sent (again, by traditional post) to the recipient. Option for a paper based tool is <i>required</i> to meet NCQA MEM 1 and 2.			X		\$20.00
LADHS has elected to purchase the above services at program launch.						
	Sub Total – Standard Package					\$0.221
	Sub Total – All Value Added Elements Recommended					\$
	Sub Total – Plan Recommended for CHP					\$
	Estimated Program Year 1 Fees based on Selected Services					\$440,232

Notes:

- 1) The above items have been selected for inclusion in the LADHS / McKesson contract.
- 2) Population size is assumed to be 166,000 members; PMPM pricing will be adjusted -\$0.04 for an upward change to population size beyond +15% up to +35% and will be adjusted +\$0.04 for a downward change to population size beyond -15%.
- 3) Standard Vendor Reporting at Total CHP level is included.
- 4) There are no incentives included for this population but incentives may be priced at a future date.
- 5) Standard Operational performance metrics are assumed.
- 6) Direct electronic member transfer post HRA submission into DM/CM program is not included in this pricing. Pricing does include HRA results being delivered to DM/CM staff for appropriate member action (ie, initial engagement into DM program or follow up on possible issues presented in HRA).
- 7) Program pricing assumes no fees are at risk for financial outcomes or Contractors Performance Outcome Measures.
- 8) Ad Hoc reports identified in the Statement of Work and Exhibit A section M, will be invoiced at a mutually agreed upon price or \$150.00 per hour.
- 9) The unit pricing included above is fixed for 36 months from initial launch. If an optional extension in years 4 and 5 is selected, fees may be adjusted based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the Agreement anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the County's Chief Executive Office (CEO) as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County employee salaries no cost of living adjustments will be granted. Contractor shall request said adjustment six (6) months prior to the then current Extension Year expiration date. If so approved by County, the adjusted rates shall take effective upon County's exercise of the subsequent Extension Year.
- 10) Estimated annual year 1 fees may be adjusted for actual program service launch date.
- 11) Pricing assumes all plans and services are selected (Ci NAL, CHP NAL, CHP CCM, CHP DM & CHP Wellness / HRA).

EXHIBIT C

Nurse Advice Line and Disease/Care Management Services Agreement

BUDGET*

COMMUNITY HEALTH PLAN	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	TOTAL
Complex Case Management Projected Term: 02/01/08 - 01/31/11	77,854	186,850	186,850	108,996	560,549
Disease Management Projected Term: 02/01/08 - 01/31/11	1,102,240	2,645,376	2,645,376	1,543,136	7,936,128
Nurse Advice Line Projected Term 01/01/08 - 12/31/10	89,015	178,030	178,030	89,015	534,090
Wellness Program Projected Term: 02/01/08 - 01/31/11	183,430	440,232	440,232	256,802	1,320,696
Subtotal	1,452,539	3,450,488	3,450,488	1,997,949	10,351,463
5% Unscheduled Work Fund**	72,627	172,524	172,524	99,897	517,573
TOTAL	1,525,166	3,623,012	3,623,012	2,097,846	10,869,036

ASSUMPTIONS
166,000 CHP members
166,000 CHP members, .03 call rate NAL, .005 call rate Navigation, .005 call rate for Audio Library, .001 call rate for Informed Decision Support
166,000 CHP members, .03 call rate NAL, .005 call rate Navigation, .005 call rate for Audio Library, .001 call rate for Informed Decision Support
166,000 CHP members

HEALTHY WAY LA	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	TOTAL
Nurse Advice Line Projected Term 12/01/07 - 08/31/10	45,635	78,232	78,232	13,039	215,137
Subtotal	45,635	78,232	78,232	13,039	215,137
5% Unscheduled Work Fund**	2,282	3,912	3,912	652	10,757
TOTAL	47,917	82,143	82,143	13,691	225,894

ASSUMPTIONS
93,000 HWLA enrollees and 3% call rate NAL

GRAND TOTAL	1,573,083	3,705,155	3,705,155	2,111,537	11,094,930
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* Based on Schedule B, RATE SCHEDULES

** Covers costs for unscheduled work such as ad hoc reports, paperbased health assessments, etc. and other costs shown in Schedule B, RATE SCHEDULE.

EXHIBIT D

CONTRACTOR ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

CONTRACTOR NAME _____ Contract No. _____

GENERAL INFORMATION:

The Contractor referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires the Corporation to sign this Contractor Acknowledgement and Confidentiality Agreement.

CONTRACTOR ACKNOWLEDGEMENT:

Contractor understands and agrees that the Contractor employees, consultants, Outsourced Vendors and independent contractors (Contractor's Staff) that will provide services in the above referenced agreement are Contractor's sole responsibility. Contractor understands and agrees that Contractor's Staff must rely exclusively upon Contractor for payment of salary and any and all other benefits payable by virtue of Contractor's Staff's performance of work under the above-referenced contract.

Contractor understands and agrees that Contractor's Staff are not employees of the County of Los Angeles for any purpose whatsoever and that Contractor's Staff do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. Contractor understands and agrees that Contractor's Staff will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

CONFIDENTIALITY AGREEMENT:

Contractor and Contractor's Staff may be involved with work pertaining to services provided by the County of Los Angeles and, if so, Contractor and Contractor's Staff may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, Contractor and Contractor's Staff may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. Contractor and Contractor's Staff understand that if they are involved in County work, the County must ensure that Contractor and Contractor's Staff, will protect the confidentiality of such data and information. Consequently, Contractor must sign this Confidentiality Agreement as a condition of work to be provided by Contractor's Staff for the County.

Contractor and Contractor's Staff hereby agrees that they will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between Contractor and the County of Los Angeles. Contractor and Contractor's Staff agree to forward all requests for the release of any data or information received to County's Project Manager.

Contractor and Contractor's Staff agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to Contractor and Contractor's Staff under the above-referenced contract. Contractor and Contractor's Staff agree to protect these confidential materials against disclosure to other than Contractor or County employees who have a need to know the information. Contractor and Contractor's Staff agree that if proprietary information supplied by other County vendors is provided to me during this employment, Contractor and Contractor's Staff shall keep such information confidential.

Contractor and Contractor's Staff agree to report any and all violations of this agreement by Contractor and Contractor's Staff and/or by any other person of whom Contractor and Contractor's Staff become aware.

Contractor and Contractor's Staff acknowledge that violation of this agreement may subject Contractor and Contractor's Staff to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: _____

DATE: ____/____/____

PRINTED NAME: _____

POSITION: _____

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

EXHIBIT E
COUNTY OF LOS ANGELES CONTRACTOR EMPLOYEE JURY SERVICE PROGRAM
APPLICATION FOR EXEMPTION AND CERTIFICATION FORM

The County's solicitation for this contract/purchase order (Request for Proposal or Invitation for Bid) is subject to the County of Los Angeles Contractor Employee Jury Service Program (Program) (Los Angeles County Code, Chapter 2.203). All bidders or proposers, whether a contractor or subcontractor, must complete this form to either 1) request an exemption from the Program requirements or 2) certify compliance. Upon review of the submitted form, the County department will determine, in its sole discretion, whether the bidder or proposer is exempt from the Program.

Company Name:		
Company Address:		
City:	State:	Zip Code:
Telephone Number:	()	
Solicitation For (Type of Goods or Services):		

you believe the Jury Service Program does not apply to your business, check the appropriate box in Part I (attach documentation to support your claim); or, complete Part II to certify compliance with the Program. Whether you complete Part I or Part II, please sign and date this form below.

Part I: Jury Service Program is Not Applicable to My Business

- 1 My Business does not meet the definition of "contractor", as defined in the Program as it has not received an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts (this exemption is not available if the contract/purchase order itself will exceed \$50,000). I understand that the exemption will be lost and I must comply with the Program if my revenues from the County exceed an aggregate sum of \$50,000 in any 12-month period.
- 1 My business is a small business as defined in the Program. It 1) has ten or fewer employees; and, 2) has annual gross revenues in the preceding twelve months which, if added to the annual amount of this contract, are \$500,000 or less; and, 3) is not an affiliate or subsidiary of a business dominant in its field of operation, as defined below. I understand that the exemption will be lost and I must comply with the Program if the number of employees in my business and my gross annual revenues exceed the above limits.

"Dominant in its field of operation" means having more than ten employees, including full-time and part-time employees, and annual gross revenues in the preceding twelve months, which, if added to the annual amount of the contract awarded, exceed \$500,000.

"Affiliate or subsidiary of a business dominant in its field of operation" means a business which is at least 20 percent owned by a business dominant in its field of operation or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in that field of operation.

- 1 My business is subject to a Collective Bargaining Agreement (attach agreement) that expressly provides that it supersedes all provisions of the Program.

OR

Part II: Certification of Compliance

- 1 My business has and adheres to a written policy that provides, on an annual basis, no less than five days of regular pay for actual jury service for full-time employees of the business who are also California residents, or my company will have and adhere to such a policy prior to award of the contract.

declare under penalty of perjury under the laws of the State of California that the information stated above is true and correct.

Print Name:	Title:
Signature:	Date:

Contractor Performance Outcomes Measures:

75% inbound calls answered in 30 seconds or less
5% or less of calls will be abandoned after 30 seconds

Change in ER Visit rate per thousand members eligible for program vs. rate per thousand members not eligible for the program -5% for each year according to data requirements and methodology agreed upon by the parties and performed by County or designee

Satisfaction:

Satisfaction rating >80% of users will be satisfied or very satisfied with the nurse advice line.

Nurse Advice Line (HMLA)

NURSE ADVICE LINE-COMMUNITY HEALTH PLAN (CHP)

2. DESCRIPTION OF SERVICES:

The Contractor agrees at minimum, to meet or exceed NCOA 2007 MEM 7 standards (including maintaining compliance with subsequent versions of NCOA Standards applicable to MEM 7) and applicable federal and state laws and requirements as defined and agreed between County and Contractor. Contractor shall meet the expectations as outlined in this Statement of Work and specific needs as detailed. Contractor shall provide an environment that is businesslike, positive and motivating for County enrollee/member participants.

Notwithstanding any other terms of this Agreement, Contractor shall perform the following tasks:

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
1.0	1.1 NURSE ADVICE LINE ("NAL") NAL services to be provided 24 hours/7 days per week, 365 days per year for the enrolled CHP members.	<p>1.1.1 Contractor staff shall act in a professional manner in welcoming and assisting the County enrollee/member participants in providing services.</p> <p>1.1.2 The NAL will provide immediate triage assessment by an RN, referral services, and patient education services to members. Through delivery of these services, Contractor's staff shall:</p> <p>1) recommend callers seek clinically appropriate level of care, within an appropriate timeframe, and proper setting; and</p> <p>2) provide education to members/enrollees and employees on how to better manage their own</p>	<p>1.1.1.1 Contractor shall work closely with County staff to establish a written implementation plan for NAL services within 5 calendar days after board approval, and implement agreed-upon services by 01/01/08.</p> <p>1.1.2.1 Contractor shall establish the availability of a toll-free number for the CHP enrolled member population.</p>

Nurse Advice Line (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>1.1.3 Services, programs, forms, signs, notices and other written materials that Contractor uses for the provision of services must be available and offered in English, Spanish; and other required languages as requested by County and mutually agreed upon by both parties.</p> <p>1.1.4 Provide interpretation services for members/enrollees who need them.</p>	
2.0	2.1 Call Center Services	<p>2.1.1 Contractor shall notify County of any member/enrollee who received advice to seek the services of a practitioner or provider within 24-48 hours of the advice/referral. The timeliness of notification will be commensurate with the imminence of member referral.</p> <p>2.1.2 Contractor shall not diagnose a caller's ailment or provide treatment.</p>	2.1.1.1 Notice shall be via email or via a daily report.
3.0	3.1 Implementation Plan	3.1.1 Contractor shall provide County staff standard training materials in preparation for implementation of services.	3.1.1.1 Contractor shall provide standard staff training materials.
4.0	4.1 Increase/decrease	4.1.1 County shall be responsible for Nurse Advice Line (CHP)	4.1.1.1 County shall notify

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
	of enrollee or membership participation	advising Contractor when enrollee/membership changes occur to enable Contractor to adjust staffing needs accordingly to ensure a seamless transition.	Contractor via written notification within 60 days or as soon as possible in the event changes are unforeseen.
5.0	5.1 Contractor Staffing Plan	5.1.1 Contractor shall continually monitor its staffing plans throughout the life of the contract to ensure appropriate services to enrollees. County agrees to provide Contractor with notice of its intent to enroll a block of additional new enrollees within 60 days.	5.1.1.1 Contractor shall analyze the projected increase in call volume, and shall notify County of the period of time that is necessary for Contractor to increase staffing levels to handle the increased call volume.
		5.1.2 County also agrees to provide Contractor with 60 days notice of its intent to remove a block of Members/enrollees. In the event that such removal is due to unforeseen events, County shall provide notice to Contractor within a reasonable time frame.	
6.0	6.1 Algorithms	6.1.1 Prior to the implementation date, Contractor shall provide County with a copy of the algorithms and incorporated self-care and education instructions ("Standard Algorithms") for County's review.	6.1.1.1 Contractor shall load the Standard Algorithms into contractor's database. 6.1.1.2 Contractor shall release revisions and improvements to its Standard Algorithms and load the revisions and improvements into the

Nurse Advice Line (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
7.0	7.1 Reporting	<p>7.1.1 Contractor shall provide County with a standard monthly reporting package, agreed upon by the County prior to launch, which shall enable County to monitor the effectiveness of the Clinical Triage Services. Standard reports shall be provided to County on-line via the internet of the standard reporting package. These standard reports may change as Contractor adds reports, deletes reports or enhances existing reports.</p> <p>7.1.2 If County requests that Contractor create ad hoc reports or wishes to change standard reports, Contractor will invoice County at a mutually agreed upon price or at \$150.00 per hour.</p> <p>7.1.3 At County's request, Contractor shall provide Member/enrollee call records to County in electronic form, to County designated health care providers or to other County designated parties as instructed by County.</p>	<p>7.1.1.1 Contractor shall provide the standard NAL reports. Reporting frequency (monthly, quarterly, annually) as determined by Contractor for the following reports:</p> <ul style="list-style-type: none"> • Executive Summary • Inbound and Outbound person Entered Encounter Types • Telephone Activity for Automated Inbound Call Type • Member Redirection/Outcomes • Algorithm Utilization Summary by Type • Top 10 Algorithm Utilization • Demographics Report • Symptomatic Calls by Day of Week and Time of Day • Customer Service/Benefits Calls by Day of Week and Time of Day • Summary of Utilization for Top Ten Audio

Nurse Advice Line (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
			<ul style="list-style-type: none"> • Health Library Topics • Entered Call Records for Top Ten Literature Requests • Informed Decision Support Activity Summary • Recap of Completed Health Counseling Folders • Informed Decision Support Assessment Summary • Informed Decision Support Outcomes Summary
8.0	8.1 AudioHealth Library®.	8.1.1 The Clinical Triage Services shall include patient/member access to the Contractor AudioHealth Library®. This is a telephone information services consisting of an audio text information library of prerecorded health information in English and Spanish that can be accessed by Members/enrollees by touch-tone or rotary telephone.	
9.0	9.1 Informed Decision Support Service.	9.1.1 The Clinical Triage Services shall include the Informed Decision Support Service, which is the provision by Contractor of clinical information, factual data, topic-specific literature, abstracts of	9.1.1.1 Contractor Monthly activity reports.

Nurse Advice Line (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>third-party research and general information, delivered by health care professionals using Contractor's proprietary Informed Decision Support Guidelines, to Members faced with a major medical decision or management of a chronic illness who request such information. Such information shall include without limitation general information, health education, non-directive treatment options and questions for Members to ask their physicians.</p>	

Contractor Performance Outcome Measures:

Referrals to other programs: 75% of eligible callers are offered a navigation survey to determine referrals for appropriate programs, 30% of eligible callers offered the survey agree to participate in the survey, and of those surveyed, 30% agree to a referral to an appropriate program. Contractor shall report annually to County

75% inbound calls answered within 30 seconds or less
5% or less of calls abandoned after 30 seconds

Outcome:
Change in ER visit rate per thousand members eligible for program vs. rate per thousand members not eligible for the program -5% for each year according to data requirements and methodology agreed upon by the parties and performed by County or designee
Satisfaction:
Satisfaction rating >80% of users will be satisfied or very satisfied with the nurse-line.

Nurse Advice Line (CHP)

DISEASE MANAGEMENT (DM) - COMMUNITY HEALTH PLAN (CHP)

ASTHMA PROGRAM
DIABETES PROGRAM
CORONARY ARTERY DISEASE PROGRAM
CHRONIC OBSTRUCTIVE PULMONARY DISEASE PROGRAM
HEART FAILURE PROGRAM

3. DESCRIPTION OF SERVICES:

The Contractor agrees at minimum, to meet or exceed NCQA requirements for Disease Management (including maintaining compliance with subsequent versions of NCQA Standards), and applicable federal and state laws and requirements as defined and agreed between County and Contractor. Contractor shall meet the expectations as outlined in this Statement of Work and specific needs as detailed.

Notwithstanding any other terms of this Agreement, Contractor shall perform the following tasks:

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
1.0	1.1 Identification of Eligible Members	<p>1.1.1 The Contractor shall provide active disease management/intervention for each DM Program for enrollees with high ("L3") and moderate ("L2") severity of illness based upon contractors stratification criteria/algorithm.</p> <p>The contractor will systematically identify members who qualify for its DMP using the following data sources:</p> <p>a) claims or encounter data</p>	<p>1.1.1.1 Contractor shall provide listing of eligible members monthly.</p>

Disease Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>b) pharmacy data, if applicable</p> <p>c) health risk appraisal results</p> <p>d) Results from Interactive consumer tools</p> <p>e) laboratory results, if applicable</p> <p>f) UM/CM referrals</p> <p>g) member and provider referrals</p> <p>The Contractor shall make initial contact by mailing with 100% of L2 and L3 eligible Members with the targeted condition(s) within 30 business days of receipt of member claims or encounter data. Initial launch contact schedule will be mutually agreed upon during the implementation process.</p> <p>1.1.2 Using Contractor procedures, Contractor's licensed registered Nurse shall:</p>	

Disease Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>a) Make an initial outbound telephonic attempt to all members identified as moderate or high risk</p> <p>b) Conduct periodic follow-up of the ongoing health status of Members base on Contractors protocols and appropriate to the level of risk/severity.</p>	
2.0	2.1 Contractor's Personnel	2.1.1 The Contractor shall ensure that all DM nurses employed by the Contractor are properly licensed and credentialed, based on the Contractor's policies and procedures and any additional requirements defined herein.	2.1.1.1 The Contractor shall provide a copy of applicable policies and procedures to County thirty days after contract signing.
3.0	3.1 Disease Management Services	<p>3.1.1 The Contractor shall, through its Nurse Advice Line:</p> <p>a) Provide a 24 hour-a-day, seven day-a-week toll free nurse telephone consultation service to respond to Member and/or Provider/Caregiver questions.</p> <p>b) Maintain electronic documentation of all telephone consultation</p> <p>3.1.2 The Contractor shall:</p> <p>a) Develop and provide educational</p>	<p>3.1.2.1 The Contractor shall provide all generally available and</p>

Disease Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>materials to communicate to Members identified as L2 and L3 about the DM Program including and not limited to how to use the programs' services, program eligibility, opt in and opt out procedures and relevant health care information</p> <p>b) Measure Member satisfaction with the DM Program at least annually.</p> <p>3.1.3 The Contractor shall maintain current accreditation under NCOA's Disease Management (DM) Standards.</p> <p>3.1.4 The Contractor shall adopt policies and procedures for providing DM Program services that:</p> <p>a) Are based on valid and reliable clinical evidence or a consensus of health care professionals in a particular field</p> <p>b) Consider the needs of the Members</p> <p>c) Have been reviewed, and are updated as new information becomes available</p> <p>d) Ensure that services provided by the Contractor's staff are</p>	<p>Member specific written materials in a form which may be understood by each individual Member but generally at a 6th grade reading level or less in English and Spanish and other languages as required by state and federal law regulations. Contractor will quote County a fee for languages other than English and Spanish for the MEDI-CAL, IHSS and Healthy Families populations.</p> <p>3.1.4.1 Contractor shall maintain documentation of the DM services and provide member-specific reports to providers following the initial assessment and at periodic intervals according to Contractor procedures.</p>

Disease Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>consistent with the policies and procedures</p> <p>3.1.5 The Contractor understands and acknowledges that the County DM Program is a voluntary program. County shall enroll all DM Program Eligibles in the DM program. However, Members may choose to voluntarily disenroll or "opt-out" of the DM Program at any time.</p> <p>3.1.6 Contractor shall provide a 24 hour-a-day, seven day-a-week nurse advice and screening line (NAL) for all DM Program Eligibles. The NAL shall provide health care advice for DM enrollees, providers, and caregivers from licensed Registered Nurses concerning emergent, urgent, or routine symptoms.</p> <p>3.1.7 The Contractor shall provide the following:</p> <p>a) Ensure PCPs and other providers are notified they can participate in developing a plan of care for their DM Members.</p> <p>b) Assess Members' self-reported adherence to prescribed medical care and instructions related to</p>	<p>3.1.5.1 Contractor shall make the policies and procedures available to County upon request</p> <p>3.1.7.1 Contractor shall develop/produce educational materials.</p>

Disease Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>their disease and provide assistance to the Member in following instructions and guidelines as appropriate.</p> <p>c) Provide educational materials to L2 and L3 Members and/or their Providers/Caregivers designed to help the Member meet the following goals:</p> <ul style="list-style-type: none"> • Be more effective partners in the care of their disease; • Have a better understanding of how to use available resources to manage their conditions; • Be able to identify signs of "trouble" earlier and seek appropriate attention before they reach crisis levels; and • Understand the need to follow the recommendations of their medical providers and the DM Nurses. <p>3.1.8 Contractor shall maintain documentation of services provided by the DM Program in a Member file. Member information will be provided to Member's medical providers and/or case managers as needed to ensure that the Member receives necessary services and periodically maintains reasonable and relevant</p>	<p>3.1.8.1 Contractor shall maintain documentation of services provided in member file and provide to County as requested by County.</p>

Disease Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>communication with Member' medical providers. Such file shall adhere to the confidentiality provisions outlined in this Contract and shall comply with applicable HIPAA regulations.</p> <p>3.1.9 Allow Members to change nurse disease managers when appropriate or necessary.</p> <p>3.1.10 Coordinate with County to maintain sufficient data to identify the physicians who provide services to each Member as needed. Additionally, the Contractor shall maintain data to identify the nurse who interacted with the Member.</p> <p>3.1.11 Disease Management Program member Satisfaction survey shall be conducted and measured annually by the Contractor, utilizing a third party vendor to conduct the survey. The Contractor agrees to provide the Member survey to County for review</p>	<p>3.1.11.1 Contractor shall conduct member satisfaction surveys annually and provide County with results.</p>
4.0	4.1 Education and Outreach	<p>4.1.1 The Contractor shall provide education and case management to DM Program Member (DMM) as described below:</p>	<p>4.1.1.1 Contractor shall provide the County, on a monthly basis, with a list of member names and</p>

Disease Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>• Using Member contact data provided by County, the Contractor shall make at least five attempts (morning, afternoon, evening, and at least one on a weekend) to reach all DM L2 and L3 Program Eligibles by telephone. Calls will include calling on different days as well as different times of day in order to maximize the probability of interacting with the DM Program Eligibles will be used.</p> <p>4.1.2 The three categories are: Low Risk, Moderate Risk, and High Risk. Classification of the severity of the DMW's disease is based on the Contractor's proprietary risk stratification criteria that evaluate health care utilization and functional, medical, and psychosocial factors. The DMW's risk category determines the frequency of contacts necessary, including the extent of the education provided by the Contractor's staff to the DMW.</p> <p>4.1.3 If the DM Program Eligible does not wish to participate in the DM Program, the Member may voluntarily</p>	<p>Identification numbers that they were unable to reach after five attempts.</p> <p>4.1.3.1 Contractor shall report on a monthly basis, members who either opt/out, limit request</p>

Disease Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>disenroll or "opt-out" of the DM Program. If the Contractor is unable to reach the DM Program Eligible as outlined above, or if the Member does not want to "opt-out", but wants to limit his/her involvement in the DM Program, the DM Program Eligible will be placed in a non-active status referred to as "on-demand", and L2s and L3s will receive regular patient education mailings. The DM Program Eligible may also directly contact County or the Contractor to re-enroll or activate his or her participation in the DM Program at any time.</p> <p>4.1.4 The Contractor shall attempt to re-assess each DMM actively engaged in the program at least annually by telephone. Monitoring calls may be made on an ongoing basis according to the DMM's severity category.</p> <p>4.1.5 The Contractor shall send written education materials to L2 and L3 DMM's who have completed the initial assessment. In addition, the Contractor shall send, at a minimum, an annual letter to the assessed DMM's PCP after each DM program assessment, describing best practices for treating the</p>	<p>involvement in DM program</p>

Disease Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>condition any risk factors and a recommendation for preventive care. Additional education programs may be provided upon mutual agreement between County and the Contractor.</p> <p>4.1.6 DM Program Participant Education shall consist of modules that the DM Program utilizes to increase the DMW's knowledge about his/her disease and how to better manage it. The level and timing of these educational modules depends on the severity level identified and the DMW's stated needs. Other educational materials may be mailed to enrolled DMW's on a periodic basis as agreed to by the County.</p> <p>4.1.7 Contractor shall ensure members are appropriately referred to other County programs such as Complex Case Management, Utilization Management, Health Risk Assessment Wellness programs and other applicable clinical management programs.</p> <p>4.1.8 The Alert Notification will summarize the data the Contractor collected from the identified DMW during the call, and areas of</p>	<p>4.1.7.1 The Contractor shall make Physician or Case Manager Alert Notification and/or a fax to the identified DMW's physician or County case manager according to clinical criteria previously established by the Contractor.</p>

Disease Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
5.0	5.1 Reporting	<p>concern that prompted the notification. The alert will also contain the name of the nurse disease manager and contact information including a telephone number for the physician or case manager to call and discuss the identified DMW's chronic condition.</p> <p>4.1.9 Disease Managers will provide education and outreach to the providers.</p> <p>4.1.10 The Contractor shall verify that any subcontractors (if applicable) have provided the services described above by the use of DMW surveys and reports submitted by the subcontractors.</p> <p>5.1.1 Contractor shall provide reports related to DM services accordingly.</p>	<p>4.1.9.1 The Disease Manager shall develop a care plan and use the plan for educational activities and interventions that include telephonic interactions, on an ongoing basis.</p> <p>4.1.10.1 Sub-contractor utilization reports shall be provided to County as part of the Contractor reporting requirement.</p> <p>5.1.1.1 Contractor shall provide the following Disease and Case Management Reports:</p> <ul style="list-style-type: none"> • Program Enrollment Report • Intervention Profile • Physician Alert Summary • Initial Assessment Top 20 Co-morbid Conditions

Disease Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
			<ul style="list-style-type: none"> • Claims Based Report • Clinical Value Metrics • Disease Management Satisfaction Report (Member Satisfaction) • Complaint and Grievances Report • Clinical Data Set • Population Care Management Member (patient) List
6.0	6.1 Responsibilities County	6.1.1 County shall: <ul style="list-style-type: none"> a) Work with the Contractor's Medical Resource Coordinator (RN), who will serve as the point of contact for the Contractor's DM Program staff, and resolve operational issues according to the terms and conditions of the Contract. b) Review and approve all Member and provider materials used by the Contractor in relation to this Contract, including introductory letters, brochures, and informational mailings within 10 business days of receipt. c) Provide sufficient information to enable the Contractor to link 	Disease Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>health care providers with allied health agencies to facilitate access to services necessary for the implementation of the DM Program Participant's plan of care. This includes, but is not limited to medically necessary services such as pharmacy, mental health, equipment and supplies or rehabilitative therapies.</p> <p>d) Maintain a complaint, grievance and appeal process.</p>	

Disease Management (CHP)

Contractor Performance Outcome Measures:

<u>Variable to be Measured</u>	<u>Level to be Achieved</u>
Overall Plausibility Indicators	
ICD9s (all .xx) 250, 410, 411, 413, 414, 428, 491, 492, 493, 496	"inflection" of trend by 4%, the first year, 6% the second year and 8% the third and subsequent years
Congestive Heart Failure	
ACE inhibitor usage	Increase of 10% from previous year if previous year level is ≤65% or increase of 5% from previous year if previous year level is >65%
CAD	
Beta-Blocker Usage post-MI	Increase of 10% from previous year if previous year level is ≤50% or increase of 5% from previous year if previous year level is >50%
Statin Therapy Usage	Increase of 10% from previous year if previous year level is ≤65% or increase of 5% from previous year if previous year level is >65%
LDL-Cholesterol testing rate	Annual increase
LDL-Cholesterol levels, lab tests for which results are obtainable without self-reporting	Either average <100 or 10 mg./dl improvement from previous year
Daily Aspirin usage, self-reported	Either 50% or increase of 5% from previous year
Diabetes	
Rate of HbA1c testing	Either >65% or increase of 10% from previous year
Results of HbA1c tests for that subset which is obtainable without self-reporting	Annual improvements or average of 8 or less
Foot exams, self-reported or coded	Either >50% or increases of 10% from previous year
Retinal exams, coded	Either >50% or increases of 10% from previous year

Disease Management (CHP)

Asthma	
Ratio of inhaled steroid/beta agonist	Annual improvements up to 2 to 1
% self-reported missed workdays/school days for breathing difficulties	Annual reductions from baseline up to 25%
COPD	
% receiving pneumonia vaccine	Increases 10% a year to standard of 80%
% pts. w/history of hospitalization filling scripts for broncodilator meds in accordance with GOLD guidelines	Increases 10% a year to standard of 80% except that people with this history who are not indicated, do not count (vendor responsibility to point them out)
% self-reported missed workdays for breathing difficulties	Annual reductions from baseline
Overall	
Member health status	Cross-sectional improvement annually in either SF-12 or Minnesota Living With Heart Failure survey administered annually to at least a 5% random sample.
Member Satisfaction with program	Likert scale-oriented 1 member satisfaction service administered to at least a 10% sample. Randomly selected patients will be surveyed at the end of each year.
Member participation rates by disease state	Methodology as described in current NCQA Disease Management standard.

Disease Management (CHP)

COMPLEX CASE MANAGEMENT-COMMUNITY HEALTH PLAN (CHP)

4. DESCRIPTION OF SERVICES:

The Contractor shall meet or exceed NCQA standards for Complex Case Management (QI 7 in 2007 NCQA Standards and Guidelines for Accreditation of Managed Care Organizations), including maintaining compliance with subsequent versions of NCQA accreditation standards and applicable federal and state laws and requirements as defined and agreed between County and Contractor. The parties acknowledge that the County is the entity seeking accreditation and that Contractor's performance outcome measures will be mutually agreed upon during the implementation period. Contractor shall meet the expectations as outlined in this Statement of Work and specific needs as detailed. Contractor shall provide an environment that is businesslike, positive and motivating for County member participants.

Complex case management is the coordination of care and services provided to members who have experienced a critical event or diagnosis that requires the extensive use of resources and who need help navigating the system to facilitate appropriate delivery of care.

Notwithstanding any other terms of this Agreement, Contractor shall perform the following tasks:

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
1.0	1.1 Complex Management	1.1.1 The contractor's case management program includes: a) a comprehensive assessment of the member's condition b) determination of available benefits and resources c) monitoring and follow up d) the proactive identification of eligible members using available data systems e) the specification of criteria to determine appropriate members for	1.1.1.1 Contractor shall develop and implement a case management plan with performance goals, on an on-going basis.

Complex Case Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
2.0	2.1 Data Sources to Identify Members	<p>complex case management</p> <p>2.1.1 The Contractor shall use the following data sources to identify members for case management:</p> <ul style="list-style-type: none"> a) Claim and encounter data b) Hospital discharge data c) Pharmacy data d) Data collected through the UM process <p>2.1.2 In the absence of administrative data (claims and encounter), the Contractor shall assist County with the identification of clinical criteria for the identification and referral of members to the complex case management program.</p> <p>2.1.3 The Contractor's complex case management program may include multiple avenues for members to be considered for case management, as applicable.</p> <ul style="list-style-type: none"> a) Nurse Advice Line b) disease management program referral c) discharge planner referral <p>Complex Case Management (CHP)</p>	

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		d) UM referral e) member self-referral f) practitioner referral	
3.0	3.1 Complex Case Management Services	3.1.1 The Contractor shall initiate case management services within a timely manner to meet the needs of the member within no more than 48 hours of the referral and more immediately if a need is identified. 3.1.2 The Contractor's program shall include the use of case management systems that support the following: a) Evidence based clinical guidelines or algorithms to conduct assessment and management. b) Automatic documentation of the staff member's ID and data and time action on the case or interaction with the member, practitioner, or provider occurred. c) Automated prompts for follow-up, as required by the case management plan. d) Documentation of the clinical evidence used to develop the systems.	3.1.1.1 Contractor shall track data regarding the time period from referral to initiation of service and provide monthly reports to County. 3.1.3.1 Contractor shall track and report

Complex Case Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>3.1.3 The Contractors' complex case management process shall include procedures that address the following:</p> <p>a) The member's right to decline participation or disenroll from case management programs and services offered by the organization.</p> <p>b) The initial assessment of member's health status, including condition specific issues. During initial assessment, case managers evaluate members' health status specific to identified health conditions and likely co-morbidities (e.g., high-risk pregnancy and heart disease, for members with diabetes).</p> <p>c) Documentation of clinical history, including medications. The case management procedures document members' clinical history, including disease onset; key events such as acute phases; and inpatient stays, treatment history and current and past medications.</p> <p>d) Initial assessment of the activities of daily living.</p> <p>e) Initial assessment of mental</p>	<p>members who decline participation and disenrollment from the program including the reasons for declining participation and disenrollment, on an as needed basis.</p> <p>3.1.3.2 At least annually the Contractor shall complete a quantitative and qualitative analysis of complaint data to identify patterns of member comments/complaints.</p>

Complex Case Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>health status, including cognitive functions. During initial assessment, case managers evaluate members' mental health status, including psychosocial factors and cognitive functions such as ability to communicate, understand instructions and process information about their illness.</p> <p>f) Initial assessment of life-planning activities. Case management assessment addresses life planning issues such as wills, living wills or advance directives and health care powers of attorney.</p> <p>g) Evaluation of cultural and linguistic needs, preferences or limitations.</p> <p>h) Evaluation of care giver resources such as family involvement in and decision making about the care plan.</p> <p>i) Evaluation of the members' eligibility for health benefits and other pertinent financial information regarding benefits. This should also include assessment of the member's eligibility to receive services within the community that are not</p>	Complex Case Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>part of the health benefit plan.</p> <p>j) Development of a case management plan, that identifies the following:</p> <p>k) Care Plan Goals</p> <p>l) Changes in status</p> <p>m) Resources to be utilized, including appropriate level of care</p> <p>n) Planning for continuity of care, is noted in the Case Closure survey with disposition passed to the County.</p> <p>o) Collaborative approaches to be used, including family participation</p> <p>p) Identification of barriers to meeting goals or complying with the plan including lack of understanding, motivation, financial needs, insurance issues, transportation problems, cognitive problems, etc.</p> <p>q) Development of a schedule for follow-up and communication with members that includes and is not limited to follow up education,</p>	

Complex Case Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>counseling, referrals, and self management support.</p> <p>r) Development and communication of member self management plans. Self management includes member's monitoring their symptoms, activities, weight, blood pressure and glucose levels.</p> <p>s) A process to assess progress against case management plans for members which includes progress towards overcoming barriers to care, meeting treatment goals and reassessing and adjusting the care plan and its goals as needed.</p> <p>3.1.4 At least annually, the contractor evaluates satisfaction with its case management program by:</p> <p>a) Obtaining feedback from members. Feedback may be obtained by conducting focus groups or satisfaction surveys.</p> <p>b) The method must generate feedback from a broad sample of members participating in the program</p> <p>c) Results must be stratified by accreditable entity for analysis and determination of actions.</p>	<p>3.1.4.1 Contractor shall evaluate satisfaction of its case management program and provide a report to County, annually.</p>

Complex Case Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<ul style="list-style-type: none"> d) Feedback must be specific to the case management programs being evaluated. CAHPS and other general survey questions do not apply. e) Analyzing member complaints and inquiries f) Contractor must maintain a member services system that receives member inquiries, complaints and grievances. g) An inquiry is defined as a request for information. h) A complaint or grievance is an expression of dissatisfaction. i) Contractor shall document all complaints. The content of documentation shall include at a minimum: <ul style="list-style-type: none"> j) The substance of the complaint k) The investigation and research involved to resolve the complaint l) The resolution of the complaint m) The notification of the member or various parties of the resolution and or follow up 	

Complex Case Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>actions.</p> <p>n) Contractor shall develop reason categories for complaints and each complaint shall be assigned applicable reason category(s).</p> <p>o) The contractor will provide quarterly trended complaint reports by reason category.</p> <p>p) Contractor shall measure the effectiveness of the case management program using three outcome measures selected by Contractor. For each measure, the contractor:</p> <ul style="list-style-type: none"> • Identifies a relevant process or outcome • Measures or processes selected must have significant and demonstrable bearing on a defined portion (which can include the entire case management population) or subset of the case management population or process so that appropriate interventions would result in significant improvement for the population. • Because inclusion criteria for case management programs vary 	

Complex Case Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>from program to program, participation rates cannot be consistently measured and are not measures of effectiveness. In addition, case management process steps, such as the number of contacts with a patient or whether the case manager met the specified follow-up times, cannot be considered a measure of effectiveness. These are process measures that do not measure the effectiveness of the program.</p> <p>q) If measuring health status using the SF-12® or SF-36®, and given that these tools are designed to facilitate the assessment of health status on physical and mental dimensions of care, NCOA will allow organizations to use the results for two measures of effectiveness—one each for physical and mental health functioning.</p> <p>r) The contractor may use three patient experience measures to meet this element, but only one may be satisfaction with the case management program operations, such as satisfaction with the frequency of contact or satisfaction with the case manager. Examples of other measures of patient experience</p>	

Complex Case Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>include improved quality of life, and health status.</p> <p>t) Uses valid methods that provide quantitative results. Measurement of case management effectiveness includes the use of quantitative information derived from valid methodology. The contractor's methodology must clearly identify measure specifications and include documentation of the following:</p> <ul style="list-style-type: none"> • Numerator and denominator • Sampling methodology • Sample size calculation • Measurement periods and seasonality effects <p>t) Sets a performance goal. A performance goal is the desired level of achievement. Analysis results. Analysis of findings includes a comparison of results against goals and an analysis of the causes of any deficiencies (if appropriate). Analysis must go beyond data display or simple reporting of results.</p> <p>u) Identifies opportunities for improvement. The contractor uses qualitative and quantitative analysis to prioritize opportunities to improve. The</p>	

Complex Case Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
4.0	4.1 Complex Case Management for Behavioral Health (BH) and Substance Abuse (SA)	<p>opportunities may be different each time the contractor measures and analyzes the data.</p> <p>v) Develops a plan for intervention and remeasurement. The contractor uses qualitative and quantitative analysis to prioritize opportunities to improve. The opportunities may be different each time the contractor measures and analyzes the data.</p> <p>w) Based on the results of measurement and analysis of case management effectiveness, the contractor:</p> <ul style="list-style-type: none"> • Implements at least one intervention to improve performance and • Remeasures to determine the impact of the intervention • Uses methods for remeasurement that are consistent with initial measurements. <p>4.1.1 Contractor will follow the same essential processes for behavioral health and substance abuse as it does for medical Complex Case Management. Members will be identified for interventions and referred to the appropriate behavioral health resource by plan design. For example:</p>	<p>4.1.1.1 Contractor shall perform the following:</p> <p><u>Healthy Families:</u> The Contractor acquires a list of Dept of Mental Health (DMH) providers from County, and arrange for referrals when necessary</p>

Complex Case Management (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<ul style="list-style-type: none"> • Healthy Families: The contractor acquires a list of Dept of Mental Health (DMH) providers and arranged for referrals when necessary • IHSS: Contractor interfaces with PacificCare BH to whom County has outsourced BH services for this population. <p>4.1.2 Contractor shall interact where appropriate with the above agencies/providers and develop a process through communication and/or through a technology platform as appropriate. Exchange of any clinical/BH information shall be in accordance with the HIPAA privacy requirements.</p> <p>4.1.3 Coordinating with and referral to SA providers shall be performed through an interaction with County's Alcohol and Drug program and its affiliated providers.</p>	<p>IHSS: Contractor shall interact with PacificCare BH to whom County has outsourced BH services for this population.</p>

Contractor Performance Outcome Measures:

10% positive difference in 30-day readmission rate for engaged members vs. members who could not be found or refused, according to data requirements and methodology agreed upon by the parties and performed by Contractor.

Complex Case Management (CHP)

WELLNESS PROGRAM-COMMUNITY HEALTH PLAN (CHP)

5. DESCRIPTION OF SERVICES:

CHP's Wellness Program is comprised of Health Risk Assessment (HRA), Interactive Consumer Tools (ICT); and Wellness and Prevention activities.

The Contractor agrees at minimum, to meet or exceed NCOA 2007 MEM 1, 2, and 8 standards (including maintaining compliance with subsequent versions of NCOA Standards), and applicable federal and state laws and requirements as defined and agreed between County and Contractor. Contractor shall meet the expectations as outlined in this Statement of Work and specific needs as detailed. Services, programs, forms, signs, notices and other materials that Contractor uses for the provision of services must be available and offered in English and Spanish.

Notwithstanding any other terms of this Agreement, Contractor shall perform the following tasks:

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
1.0	Contractor agrees that its programs will include at a minimum the following programmatic requirements.	1.1.1 The Contractor shall provide Health Risk Assessments (HRAs) to members that include the following: a) Questions that assess member demographic characteristics b) Questions that address personal and family health history c) Questions that address self-perceived health status to predict a member's likelihood of experiencing the most common illnesses d) Disclosure regarding how the information obtained from the HRA will be used and to whom it will be disclosed e) The ability to save and print the resulting report on the Web and receive a written copy of	1.1.1.1 Contractor shall provide HRA's to members and provide to County monthly reports that shall include the following: • results of the member assessments • Number of users accessing web-based HRA • Number of members to whom hard copies were mailed • Member response rate
Health Risk Assessment (HRA) (continued)			
Wellness Program (CHP)			

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
	<p>Health Risk Assessment (HRA) (continued)</p>	<p>results for non-Web versions</p> <p>1.1.2 The HRA must provide online results in a report that can be printed by users. The HRA report must include a profile of individual risk level for specific conditions according to age, gender, ethnicity and risk factors that were identified in the questionnaire. It must clearly identify the specific behaviors that can lower the risk for each risk factor and recommend targets for improvement.</p> <p>1.1.3 The HRA report must include references to resources to help members understand their results, and help them change to a healthier lifestyle. Resources may include references to relevant online sources, materials and community programs.</p> <p>1.1.4 Minimally the HRA Scope must include assessment of health risks related to personal health characteristics and behaviors listed below:</p> <ul style="list-style-type: none"> a) Weight b) Height c) Smoking d) Blood pressure e) Cholesterol f) physical activity g) Alcohol consumption <p>Wellness Program (CHP)</p>	

TASK NO.	TASK DIRECTIVE	SUTASKS	DELIVERABLES
	<p>Health Risk Assessment (HRA) (continued)</p>	<p>h) Traveling by motor vehicle i) Managing stress j) Mental health</p> <p>1.1.5 As a follow-up to the HRA the Contractor provides specific information on the following factors:</p> <ul style="list-style-type: none"> a) Achieving a healthy weight b) Eating right c) Smoking cessation d) Lowering blood pressure e) Lowering cholesterol f) Keeping physically active g) Driving safely h) Safe use of alcohol i) Managing stress j) Maintaining mental health <p>Follow up information must be specific to the individual's HRA results and personal risks. Information must be provided on areas identified as risks to the member.</p> <p>1.1.6 As a follow-up to the HRA the organization makes resources related to the following issues to members interested in changing their health behaviors:</p> <ul style="list-style-type: none"> a) Achieving a healthy weight b) Eating right c) Smoking cessation d) Lowering blood pressure <p>Wellness Program (CHP)</p>	

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
	<p>Health Risk Assessment (HRA) (continued)</p>	<p>e) Lowering cholesterol f) Keeping physically active g) Driving safely h) Safe use of alcohol i) Managing stress j) Maintaining mental health</p> <p>Follow up information must be specific to the individual's HRA results and personal risks. Information must be provided on areas identified as risks to the member. Examples of resources include references to available providers or programs and community programs. Examples of programs include health club membership opportunities, smoking cessation programs, referrals to disease management programs, etc.</p> <p>1.1.7 The Contractor makes the HRA available through the following methods:</p> <p>a) Web Site (English and Spanish) b) Alternative media such as mail (English only)</p> <p>1.1.8 The Contractor maintains a process for mailing HRAs to members that do not have access to a Web Site and request a print version; in addition to a system for receiving returned HRAs. All mailed HRAs will include a business reply return envelope.</p> <p>Wellness Program (CHP)</p>	

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
	Health Risk Assessment (HRA) (continued)		
2.0	2.1 Interactive Consumer Tools (ICT)	<p>2.1.1 Contractor agrees that its programs will include at a minimum the following programmatic requirements.</p> <p>2.1.1.1 Contractor shall develop and maintain a Web Site to provide tools that addresses major health risk factors, empowering members to actively manage their health. The Web Site must offer evidence-based, interactive consumer health tools that provide members with the following information:</p> <ul style="list-style-type: none"> a) Smoking cessation b) Weight loss or maintaining a healthy weight (including BMI) c) Exercise d) Childhood immunizations e) Adult preventive health screenings f) Managing stress g) Depression screening <p>Wellness Program (CHP)</p>	2.1.1.1 Contractor shall develop and maintain a Web Site to provide tools and programs.

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>h) Safe use of alcohol</p> <p>2.1.3 Contractor shall ensure that consumer health tools as interactive, personalized questionnaires that help members determine risk factors, provide guidance on preventive health issues and, based on member input, recommend ways to improve members' health. Interactive tools shall facilitate member input of information and provide immediate results based on the member's information.</p> <p>2.1.4 Evidence-based tools must use recognized sources, such as professional medical associations, voluntary health organizations and NIH Centers and Institutes. Citing recognized sources prominently on the tool fulfills the evidence-based requirement. The organization may also provide documentation of the process that details what sources were used and how they were used-to develop or adopt tools.</p> <p>2.1.5 At a minimum, Contractor shall ensure adult preventive health screening tools must address the following screenings for which there is broad consensus.</p> <ul style="list-style-type: none"> • Colorectal cancer screening • Breast cancer screening • Cervical cancer screening <p>2.1.6 Both the Contractor and County recognize that under NCOA's</p> <p>Wellness Program (CHP)</p>	<p>2.1.6.1 Contractor</p>

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>Standards contracting with a vendor to provide consumer health tool services does not constitute the vendor relationship to be delegation. However, CHP is responsible to ensure the vendors tools meet the NCQA Standards.</p> <p>2.1.7 The Contractor shall on an biannual basis and when new clinical evidence indicates updates are appropriate, reviews its consumer health tools on the following issues and updates them as appropriate:</p> <ul style="list-style-type: none"> a) Smoking cessation b) Weight loss or maintaining a healthy weight (including BMI) c) Exercise d) Childhood immunizations e) Adult preventive health screenings f) Managing stress g) Depression screening h) Safe use of alcohol i) The Contractor shall maintain documentation of updates and notifies CHP of all updates, including the new clinical evidence used for the updates. <p>2.1.8 The Contractor shall test each consumer health tool on the following issues for understandability and usefulness to members and provides documentation of the testing to CHP.</p> <ul style="list-style-type: none"> a) Smoking cessation 	<p>shall provide a "test" or "demo" ID number and data to assess functionality for NCQA reviews of the element through that mechanism.</p> <p>In lieu of NCQA the Contractor shall provide screen shots of Web functionality, supplemented with documents specifying the required features and functions of the site and evidence that functionality performs as specified.</p> <p>2.1.8.1 The Contractor provides evidence of usability testing for NCQA reviews</p>

Wellness Program (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<p>2.1.9 The Contractor may count "hits" to a content page, which could be HTML, ASP, PDF or other links from the Web site. Although many organizations distinguish Web site "hits" between one-time visitors and repeat visitors, Note: NCQA Standard Element D, does not require the organization to track unique or one-time visitors, or users ("impressions") to calculate rates.</p> <p>County must be able to monitor usage rates until the point at which the member leaves its site. NCQA does not require the organization to distinguish between member access and general access or to track other measures such as download frequency of specified documents and tools, although these requirements may be added in future versions of the standards.</p> <p>The Contractor provides printer friendly copies of the consumer health tools from the Web Site.</p>	<p>2.1.9.1 The Contractor uses the following rates to monitor use of its Web-based consumer health tools and provides the monthly reports to OMC on:</p> <p>a) The rate of users accessing health tools, relative to overall Web site access.</p> <p>b) The rate of users completing health tools, relative to users accessing tools.</p> <p>c) The rate of users accessing provided follow up information, relative to users completing</p>

Wellness Program (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
			<p>d) The Contractor provides standard monthly reports on the use of the site to County.</p>
3.0	3.1 Wellness and Prevention	<p>3.1.1 Contractor agrees that its programs will include at a minimum the following programmatic requirements.</p> <p>a) The identification of eligible members for wellness activities using the following data sources:</p> <ul style="list-style-type: none"> • Claims and encounter data • Pharmacy data • HRA results • Data collected through UM processes <p>b) The Contractor operates within HIPAA regulations to use the clinical data to identify members.</p> <p>c) Based on the member identification efforts, the Contractor provides the following activities to support member wellness:</p> <ul style="list-style-type: none"> • Member-specific reminders for needed care based on condition or risk factor. 	<p>3.1.1.1 The Contractor shall report monthly on members for whom incentives were used and their subsequent participation in the HRA.</p>

Wellness Program (CHP)

TASK NO.	TASK DIRECTIVE	SUBTASKS	DELIVERABLES
		<ul style="list-style-type: none"> • Member-specific reminders about missed services. • Information about evidence-based guidelines and diagnostic and treatment options • Automated member-specific outreach with links to Web-based health tools that help guide members on preventive health issues and recommend ways to improve member's health based on their input. o Information about community-based resources such as referrals to providers or programs, member's own physicians or educational resources. o Information about affinity programs. Affinity programs are programs where the organization has a relationship with vendors that offer member discounts or other services which might not be covered benefits. <p>d) At the sole cost of County, Contractor shall collaborate with County to implement incentive programs to encourage wellness activities.</p>	

Contractor Performance Outcome Measures:

Wellness Program (CHP)

No customization - Spanish and English only, monthly data feed to Contractor for identification and stratification purposes, Compliant with NCQA Standards (MEM 1 and 2). Members' results from questionnaire are immediate. Contractor cannot agree to return rates.

Wellness Program (CHP)

EXHIBIT B

Nurse Advice Line and Disease Management Services Agreement

BILLING AND PAYMENT

1. GENERAL REQUIREMENTS: County shall, under the following terms and conditions, reimburse Contractor for the services rendered pursuant to this Agreement:

A. Reimbursement by the County shall only be for services provided under the terms of this Agreement, and shall constitute payment in full.

B. Contractor agrees that all invoices for services provided to the Community Health Plan shall be submitted directly to County and further agrees that Contractor, its agents, trustees, or assignees will look solely to County for payment.

C. In the event that County cannot or will not reimburse for services performed hereunder, Contractor shall hold harmless Healthy Way LA and Community Health Plan enrollees for the costs of such services.

2. BILLINGS:

A. Contractor shall bill County monthly in arrears in accordance with the rates set forth in Schedule B, RATE SCHEDULE, attached hereto and referenced herein.

B. Each invoice submitted by Contractor shall include:

1. The name of Contractor as said name appears on the first page of this Agreement, including the County contract number of this Agreement.

2. The description of services for which payment is claimed;

3. The billing period;

4. Contractor discount, when applicable;

5. The net amount due Contractor.

6. Indication of any applicable withhold amount for payments claimed or reversals thereof.

7. Indication of any applicable credits due to County under the terms of this Agreement or reversals thereof, including credits for any liquidated damages assessed in accordance with Paragraph 33, LIQUIDATED DAMAGES, of the Additional Provisions of this Agreement.

8. Any other information requested by County's Project Director.

C. All Contractor billing(s) under this Agreement shall be forwarded to the following address:

COMMUNITY HEALTH PLAN
1000 South Fremont Avenue
Building A-9 East, Second Floor, Unit 4
Alhambra, CA 91803-8859
Attn: Finance Section

3. PAYMENT:

A. County shall reimburse Contractor at the rates set forth in Schedule B, RATE SCHEDULE, and within the time timeframes defined herein.

B. Subject to the terms and conditions of this Agreement, and upon receipt of a complete and correct billing statement, County shall reimburse Contractor within thirty (30) calendar days in arrears upon receipt of Contractor's billing(s). County shall pay all services which County considers complete and correct. Payment for incorrect billings shall be included no later than the payment cycle following the month of receipt by County of Contractor's corrected billings.

C. The rates set forth under this Agreement shall be the sole consideration paid to Contractor by County.

D. Director shall evaluate all services and tasks performed by Contractor. If, in the Director's sole discretion, Contractor is deemed to be non-compliant with the terms and obligations assumed hereby, County shall make payment in accordance with the terms of this Exhibit for all sums invoiced except for disputed amounts. Such disputes shall be settled in accordance with Paragraph 33, LIQUIDATED DAMAGES, of the Additional Provisions of this Agreement.

SCHEDULE B
Nurse Advice Line and Disease Management Services Agreement
Rate Schedule

McKesson Health Solutions Program Component: Healthy Way LA Nurse Advice Line		Standard Package	Value Added	Cost
1	Nurse Advice Line (\$ Rate per Call) McKesson 24/7 Nurse Advice Line uses 450 patented binary branch chain logic symptom algorithms to assess and triage members to the appropriate level of care and time frame based on presenting symptoms. We have developed more than 990 self-care instruction sets to provide the nurse with content to help counsel the member on how to administer their own self-care and perhaps more importantly, what symptoms to watch for that would require them to call the nurse again or seek further care. Our algorithms have been proven to safely and effectively direct callers to the appropriate level of care and to most closely match physician recommendations.	X		\$28.04
2	Monthly Data Processing – Enrollment/Eligibility/Provider	X		Included
3	Nurse Advice Line – Work at Home Model	X		Included
4	Reporting—McKesson package	X		Included
LADHS has elected to purchase the above services at program launch.				
5	Navigation (\$ Rate per Call) Description / Outcome: When a member who is eligible for another program (Coverage Initiative's DM, or McKesson's Post Discharge Case Management, or other) Nurse Advice Line facilitates movement of member to the appropriate program. This allows a more seamless experience for the member who is engaged at the moment of their interest.		X	\$14.02
6	Marketing Communication – 1 New Member Kit; 3 targeted Mailings (Annual Fee) Description / Outcome: This communications package ensures a good rate of participation from the members. Participation rate is critical to program success – getting members to the right level of care.		X	\$133,920
7	Audio Health Library (\$ Rate per Call) Description / Outcome – There are some issues that members would prefer to learn about with anonymity, or repeatedly. Audio Health Library provides them with this opportunity. Members can access the Audio Health Library within a call with a nurse or independently. Measures of success are similar to those for the Nurse Advice Line, though not as robust, because using this passive tool, we don't get a commitment from the member as to their intention post call.		X	\$4.21
8	Informed Decision Support (\$ Rate per Call) Description / Outcome – This service is for members who have complex health conditions, or are newly diagnosed with a life-changing event. Here, nurses provide the member with pre-screened materials about their condition, counsel them on the various factors that might influence their treatment decision, etc. Use of this service leads to greater member satisfaction and less consumption of resources, as the member is approaching caregivers with greater information.		X	\$140.12
Sub Total – Standard Package NAL (per Call Rate x Volume)				\$78,231
Estimated Program Year 1 Fees based on Selected Services				\$78,231

Notes:

- 1) Nurse Advice Line has been selected for inclusion in the LADHS / McKesson contract.
- 2) Assumes 93,000 members and a .03 call rate for NAL.
- 3) Member Marketing Communications, Navigation, Audio Health Library and Informed Decision Support services are NOT included in the LADHS / McKesson contract. The description and references to these services contained in the statement of work are for reference in the event LADHS elects to purchase these options at a future date. The prices listed above for these services are valid for 120 days from contract signing.
- 4) Program pricing assumes no fees at risk for financial outcomes or Contractors Performance Outcome Measures.
- 5) Calls requiring Translation Services (all non-Spanish) are invoiced at 2 times the applicable per call rate.
- 6) Faxes to providers are invoiced at \$1.00 per fax.
- 7) Ad Hoc reports identified in the Statement of Work and Exhibit A section M, will be invoiced at a mutually agreed upon price or \$150.00 per hour.
- 8) The unit pricing included above is fixed for 36 months from initial launch. If an optional extension in years 4 and 5 is selected, fees may be adjusted based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics'

Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the Agreement anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the County's Chief Executive Office (CEO) as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County employee salaries no cost of living adjustments will be granted. Contractor shall request said adjustment six (6) months prior to the then current Extension Year expiration date. If so approved by County, the adjusted rates shall take effective upon County's exercise of the subsequent Extension Year.

- 9) Estimated annual year 1 fees may be adjusted for actual program service launch date.
- 10) Pricing assumes all plans and services are selected (CI NAL, CHP NAL, CHP CCM, CHP DM & CHP Wellness / HRA).

McKesson Health Solutions Program Component: CHP Nurse Advice Line		Standard Package	Value Added	Cost
1	Nurse Advice Line (\$ Rate per Call) McKesson 24/7 Nurse Advice Line uses 450 patented binary branch chain logic symptom algorithms to assess and triage members to the appropriate level of care and time frame based on presenting symptoms. We have developed more than 990 self-care instruction sets to provide the nurse with content to help counsel the member on how to administer their own self-care and perhaps more importantly, what symptoms to watch for that would require them to call the nurse again or seek further care. Our algorithms have been proven to safely and effectively direct callers to the appropriate level of care and to most closely match physician recommendations.	X		\$28.04
2	Monthly Data Processing – Enrollment/Eligibility/Provider	X		Included
3	Nurse Advice Line – Work at Home Model	X		Included
4	Reporting—McKesson package	X		Included
5	Navigation (\$ Rate per Call) Description / Outcome: When a member who is eligible for another program (McKesson's Disease Management or Complex Case Management) Nurse Advice Line facilitates movement of member to the appropriate program. This allows a more seamless experience for the member who is engaged at the moment of their interest.		X	\$14.02
6	Audio Health Library (\$ Rate per Call) Description / Outcome – There are some issues that members would prefer to learn about with anonymity, or repeatedly. Audio Health Library provides them with this opportunity. Members can access the Audio Health Library within a call with a nurse or independently. Measures of success are similar to those for the Nurse Advice Line, though not as robust, because using this passive tool, we don't get a commitment from the member as to their intention post call.		X	\$4.21
7	Informed Decision Support (\$ Rate per Call) Description / Outcome – This service is for members who have complex health conditions, or are newly diagnosed with a life-changing event. Here, nurses provide the member with pre-screened materials about their condition, counsel them on the various factors that might influence their treatment decision, etc. Use of this service leads to greater member satisfaction and less consumption of resources, as the member is approaching caregivers with greater information.		X	\$140.12
LADHS has elected to purchase the above services at program launch.				
8	Marketing Communication - 2x mailings (Annual Fee) Description / Outcome: This communications package ensures a good rate of participation from the members and is consistent with what members who were previously served by LA Care have received. Participation rate is critical to program success – getting members to the right level of care.		X	\$239,040
	Sub Total – Standard Package NAL (per Call Rate x Volume)			\$139,639
	Sub Total – All Value Added Elements Recommended (per Call Rate x Volume)			\$ 38,391
	Estimated Program Year 1 Fees based on Selected Services			\$178,030

Notes:

- 1) Nurse Advice Line, Navigation, Audio Health Library and Informed Decision Support services have been selected for inclusion in the LADHS / McKesson contract.
- 2) The estimated annual fees assume 166,000 members and a .03 call rate for NAL; .005 call rate for Navigation; .005 call rate for AHL; .001 call rate for IDS. Actual usage will be invoiced at the above rates.
- 3) Program pricing assumes no fees at risk for financial outcomes or Contractors Performance Outcome Measures.
- 4) Calls requiring Translation Services (all non-Spanish) are invoiced at 2 times the applicable per call rate.
- 5) Faxes to providers are invoiced at \$1.00 per fax.
- 6) Member Marketing Communications is NOT included. The description and references to Member Communications contained within the statement of work are for reference in the event LADHS elects to purchase this option at a future date. The price listed above for this service is valid for 120 days from contract signing.
- 7) Ad Hoc reports identified in the Statement of Work and Exhibit A section M, will be invoiced at a mutually agreed upon price or \$150.00 per hour.

- 8) The unit pricing included above is fixed for 36 months from initial launch. If an optional extension in years 4 and 5 is selected, fees may be adjusted based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the Agreement anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the County's Chief Executive Office (CEO) as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any Increase in County employee salaries no cost of living adjustments will be granted. Contractor shall request said adjustment six (6) months prior to the then current Extension Year expiration date. If so approved by County, the adjusted rates shall take effective upon County's exercise of the subsequent Extension Year.
- 9) Estimated annual year 1 fees may be adjusted for actual program service launch date.
- 10) Pricing assumes all plans and services are selected (CI NAL, CHP NAL, CHP CCM, CHP DM & CHP Wellness / HRA).

McKesson Health Solutions Program Component: CHP Complex Case Management			
		Standard	Value Added Cost
1	Complex Case Management – 2 month duration (PMPM) Our Complex Case Management program by reducing avoidable, expensive medical costs by proactively identifying and enrolling new members. McKesson matches these high-risk member with available care coordination resources. Resources can be targeted at the beneficiaries most in need.	X	\$0.0838
2	Monthly Data Intake	X	Included
3	Identification and Stratification (same as Disease Management)	X	Included
4	Enrollment	X	Included
5	Engagement – telephonic model, work at home	X	Included
6	Reporting – McKesson package	X	Included
7	Grand Rounds Description / Outcomes: Grand Rounds is an opportunity for representatives of CHP and McKesson to discuss the disposition of individual cases – who should be handling which case, when it's appropriate to close and/or refer to another party. Grand Rounds helps to ensure that members receive continuity of care.		X \$0.01
8	Customized Identification (real time referrals, etc.) Description / Outcomes: Use of McKesson's Patient Identification Exchange (PatIE) allows Disease Management nurses and others mutually agreed upon to alert McKesson to identify members eligible for the Complex Case Management program in near real time. Without the use of PatIE, cases would not be identified until a file/report based data exchange had happened. Bringing this tool into play allows the intervention to begin when the member is most in need.		X N/C if selected in DM
9	Engagement – Community Based Nurse Description / Outcomes: A small minority of members require a face-to-face intervention. Most of these can be referred to telephonic engagement after the individual has come to trust the purpose of the program, or their most immediate medical situation has been resolved. Community Based nurses offer the member tangible evidence that the program is "for them".		X N/C if selected in DM
LADHS has elected to purchase the above services at program launch.			
	Sub Total – Standard Package (PMPM)		\$0.0838
	Sub Total – All Value Added Elements recommended		\$0.01
	Sub Total – Plan Recommended for CHP		\$0.0938
	Estimated Program Year 1 Fees based on Selected Services		\$186,850

Notes:

- 1) The above items have been selected for inclusion in the LADHS / McKesson contract.
- 2) Standard McKesson Telephonic Case Management Program is assumed with 10% of the care management team located in the community and providing the face to face intervention.
- 3) Standard Member and Provider Communications is assumed (Post Assessment).
- 4) Standard Reporting is included.
- 5) Annual patient satisfaction surveys are included.
- 6) Basic Patient Identification is included.
- 7) IVR Flu shot reminders are NOT included for this population.
- 8) Health Risk Assessment / Wellness for this population is priced separately.
- 9) There are no enrollment incentives included for this population but incentives may be priced at a future date.
- 10) Integration to parties outside McKesson is the responsibility of LADHS. This requires that LADHS provide referral information to McKesson. No systemic exchange of information is anticipated.
- 11) Local Medical Director and dedicated staff are not included.
- 12) Standard Operational performance metrics are assumed.
- 13) Case Management Program assumes a 2 month intervention with an average of 4 contacts.
- 14) Churn is assumed to be 3%.
- 15) Population size is assumed to be 166,000 members; pricing will be adjusted + 5% for a downward change to population size beyond -15% and will be adjusted -5% for an upward change to population size beyond +15%.
- 16) Program pricing assumes no fees are at risk for financial outcomes or Contractors Performance Outcome Measures.

- 17) Assumes 452 members under management annually (0.27% of the population enrolled).
- 18) A proportional adjustment to the PMPM rate would occur should members managed exceed 452. This proportional adjustment would be discounted by 10%.

Example

- a. Number of members managed increases above 452 by 20% to 542.
 - b. Current PMPM is \$0.0838 (using base PMPM for this example).
 - c. New PMPM formula is $(\text{Current PMPM} + (\text{Current PMPM} \times 20\% \times 90\%)) = \text{New PMPM Rate}$.
 - d. The resulting PMPM would be $(\$0.0838 + (\$0.0838 \times 20\% \times 90\%)) = \0.099 .
- 19) No additional cost for Customized Identification and Community Based Nurse Engagement as these options have been selected in the Disease Management portion of the contract.
 - 20) Ad Hoc reports identified in the Statement of Work and Exhibit A section M, will be invoiced at a mutually agreed upon price or \$150.00 per hour.
 - 21) The unit pricing included above is fixed for 36 months from initial launch. If an optional extension in years 4 and 5 is selected, fees may be adjusted based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the Agreement anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the County's Chief Executive Office (CEO) as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County employee salaries no cost of living adjustments will be granted. Contractor shall request said adjustment six (6) months prior to the then current Extension Year expiration date. If so approved by County, the adjusted rates shall take effective upon County's exercise of the subsequent Extension Year.
 - 22) Estimated annual year 1 fees may be adjusted for actual program service launch date.
 - 23) Pricing assumes all plans and services are selected (CI NAL, CHP NAL, CHP CCM, CHP DM & CHP Wellness / HRA).
 - 24) If the County adds Post Discharge Case Management at the rates and minimum quantities outlined in McKesson's pricing dated October 18, 2007, then McKesson agrees to reduce the unit cost for the Disease Management and Complex Case Management programs by three percent (3%) in consideration of the bundled services. This discount will be effective on the month of the County's initiation of the Post Discharge Case Management program so long as initiation is during the original term of the Agreement (prior to August 31, 2010).
 - 25) If the County enters into a contract for software within McKesson's suite of patient care management products such as CareEnhance Clinical Management Software (CCMS), then McKesson agrees to reduce the unit cost for the Disease Management and Complex Case Management programs by up to three percent (3%) in consideration of additional product being purchased. This proposed discount will be effective on the month of the County's initiation of the license agreement or contract supplement and will be determined as a percentage of the annual license fees as compared to \$880,000. By way of example, if the Care Management annual license fees are \$293,333, then a discount of one percent (1%) would be applied $(293,000 / 880,000 \times 0.03) = .01$.

McKesson Health Solutions Program Component: CHP Disease Management				Standard	Value Added	Cost
1	Disease Management (PMPM Rate) McKesson offers disease management programs likely to reach the majority of chronically ill members in a given population including: Heart Failure, Chronic Obstructive Pulmonary Disease (COPD), Asthma, Coronary Artery Disease (CAD) and Diabetes. The goal is to engage each member and provider in a comprehensive disease management solution.		X			\$1.288
2	Monthly Data Required – Enrollment/Eligibility, Medical Claims, Pharmacy Claims, Provider		X			Included
3	Identification and Stratification – High Cost, High Risk		X			Included
4	Enrollment – < 40%		X			Included
5	Engagement – Telephonic Nurse, standard call flows, Work at Home Model		X			Included
6	Engagement – Member Communication integrated into program (High & Moderate severity members)		X			Included
7	Reporting – McKesson package (see below)		X			Included
8	Stratification Program - L2 and L3 (outbound calls)		X			Included
9	Customized Identification Description / Outcomes: Use of McKesson's Patient Identification Exchange (PatIE) allows Disease Management nurses and others mutually agreed upon to alert McKesson to identify members eligible for the Case Management program in near real time. Without the use of PatIE, cases would not be identified until a file/report based data exchange had happened. Bringing this tool into play allows the intervention to begin when the member is most in need.			X		\$0.02
10	Engagement – Community Based Nurse Description / Outcomes: A small minority of members require a face-to-face intervention. Most of these can be referred to telephonic engagement after the individual has come to trust the purpose of the program, or their most immediate medical situation has been resolved. Community Based nurses offer the member tangible evidence that the program is "for them".			X		\$0.02
LADHS has elected to purchase the above services at program launch.						
11	IVR Flu Shot reminders to population (PMPM Rate) Description / Outcomes: Research has repeatedly shown that Flu Shots have a profound positive impact on the health of the population. McKesson's own research leads to the same conclusion. An outbound Integrated Voice Response (IVR) campaign reaches all those for whom we have a valid phone number within the specified date range.			X		\$0.07
12	Member Communications to entire population. Description / Outcomes: Member communications to those identified as L1 risk level provides an intervention to those who are not currently at high risk for spending, but who may become so. These mailings inform these members about the signs and symptoms of decompensation, when to see their physician, when to contact McKesson to enroll actively in our program and how to use medical resources. This is a cost avoidance measure.			X		\$0.18
	Sub Total – Standard Package (PMPM)					\$1.288
	Sub Total – All Value Added Elements recommended for CHP (PMPM)					\$0.04
	Sub Total – Recommended for LA DHS (PMPM)					\$1.328
	Estimated Program Year 1 Fees based on Selected Services					\$2,645,376

Notes:

- 1) Standard Disease Management, Customized Identification and Community Based Engagement have been selected for inclusion in the LADHS / McKesson contract.

- 2) Standard McKesson Telephonic Disease Management Programs are assumed with 5% of the care management team located in the community and providing the face to face intervention for the Healthy Families, MediCal and In Home Supportive Services populations.
- 3) Standard Member and Provider Communications for High and Moderate severity members is assumed (Post Assessment).
- 4) Standard Reporting is included.
- 5) Annual patient satisfaction surveys are included.
- 6) Basic Patient Identification is included.
- 7) Health Risk Assessment / Wellness for this population is priced separately.
- 8) There are no enrollment incentives included for this population.
- 9) Integration to parties outside McKesson is the responsibility of LADHS. This requires that LADHS provide referral information to McKesson. No systemic exchange of information is anticipated.
- 10) Local Medical Director and dedicated staff are not included.
- 11) Standard Operational performance metrics are assumed.
- 12) The following findable disease prevalence is assumed:

	AST	DIA	HF	COPD	CAD
Healthy Families (20,000 members)	5%	1%	0%	0%	0%
MediCal (116,000 members)	5%	1%	0.5%	0.5%	0.5%
IHSS (30,000 members)	3%	3%	2%	2%	2%

- 13) This is a High Cost / High Risk model with 16.7% of disease eligible members targeted to be enrolled.
- 14) Churn is assumed to be 3%.
- 15) Population size is assumed to be 166,000 members; pricing will be adjusted + 5% for a downward change to population size beyond -15% and will be adjusted -5% for an upward change to population size beyond +15%.
- 16) Program pricing assumes no fees are at risk for financial outcomes or Contractors Performance Outcome Measures.
- 17) The following stratification is assumed:

	AST	DIA	HF	COPD	CAD
High Severity Members	15%	35%	35%	25%	15%
Moderate Severity Members	25%	45%	45%	30%	25%
Low Severity Members	60%	20%	20%	45%	60%

- 18) Ad Hoc reports identified in the Statement of Work and Exhibit A section M, will be invoiced at a mutually agreed upon price or \$150.00 per hour.
- 19) The unit pricing included above is fixed for 36 months from initial launch. If an optional extension in years 4 and 5 is selected, fees may be adjusted based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the Agreement anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the County's Chief Executive Office (CEO) as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County employee salaries no cost of living adjustments will be granted. Contractor shall request said adjustment six (6) months prior to the then current Extension Year expiration date. If so approved by County, the adjusted rates shall take effective upon County's exercise of the subsequent Extension Year.
- 20) Member Marketing Communications to entire population and IVR Flu Shot Reminders are NOT included in the LADHS / McKesson contract. The description and references to these services contained within the statement of work are for reference in the event LADHS elects to purchase these services at a future date. The prices listed above for these services is valid for 120 days from contract signing.
- 21) Estimated annual year 1 fees may be adjusted for actual program service launch date.
- 22) Pricing assumes all plans and services are selected (CI NAL, CHP NAL, CHP CCM, CHP DM & CHP Wellness / HRA).
- 23) If the County adds Post Discharge Case Management at the rates and minimum quantities outlined in McKesson's pricing dated October 18, 2007, then McKesson agrees to reduce the unit cost for the Disease Management and Complex Case Management programs by three percent (3%) in consideration of the bundled services. This discount will be effective on the month of the County's initiation of the Post Discharge Case Management program so long as initiation is during the original term of the Agreement (prior to August 31, 2010).
- 24) If the County enters into a contract for software within McKesson's suite of patient care management products such as CareEnhance Clinical Management Software (CCMS), then McKesson agrees to reduce the unit cost for the Disease Management and Complex Case Management programs by up to three percent (3%) in consideration of additional product being purchased. This proposed discount will be effective on the month of the County's initiation of the license agreement or contract supplement and will be determined as a percentage of the annual license fees as compared to \$880,000. By way of example, if the Care Management annual license fees are \$293,333, then a discount of one percent (1%) would be applied $(293,000 / 880,000 \times 0.03) = .01$.

McKesson Health Solutions Program Component: CHP Wellness Program		Standard	Value Added	Cost
1	Wellness Program (PMPM) Health and wellness services combined with disease management fuels greater participation and utilization by engaging members across multiple touch points. Further, health and wellness integration create a better member experience and leads to higher satisfaction rates by eliminating uncoordinated care and fragmented programs.	X		\$0.221
2	Web Based Health Risk Assessment <ul style="list-style-type: none"> HealthMedia® Succeed™ ("Succeed" or "HRA") - Health risk assessment that assesses adult health behavior and risk. 	X		
3	Lifestyle Management Programs ("LMP") <ul style="list-style-type: none"> HealthMedia® Balance™ ("Balance") - Facilitates weight management and physical activity. HealthMedia® Breathe™ ("Breathe") - Enables successful smoking Cessation. HealthMedia® Relax™ ("Relax") - Facilitates stress management. HealthMedia® Nourish™ ("Nourish") - Simplifies the complex task of making healthy eating decisions. 	X		
4	Disease Management Programs ("DM") <ul style="list-style-type: none"> HealthMedia® Care™ for Your Health ("Care for Your Health" or "CFYH") - Enables the development of self-management skills around chronic conditions. HealthMedia® Care™ for Your Back ("Care for Your Back" or "CFYB") - Facilitates the prevention and management of low back pain. HealthMedia® Care™ for Diabetes ("Care for Diabetes" or "CFD") - Facilitates the management of diabetes. HealthMedia® Care™ for Pain ("Care for Pain" or "CFP") - Facilitates the prevention and management of pain. 	X		
5	Behavioral Health Programs ("BHP") <ul style="list-style-type: none"> HealthMedia® Overcoming™ Depression ("Depression") - Provides participants with online exercises and tools to address a wide range of issues associated with depression. HealthMedia® Overcoming™ Insomnia ("Insomnia") - Facilitates recovery from insomnia in a six week interactive program. 	X		
6	Spanish Language Versions ("Spanish Products") HealthMedia will also provide County's Eligible Participants with web access to Spanish language versions of the following HealthMedia programs: <ul style="list-style-type: none"> HealthMedia® Succeed™ HealthMedia® Balance™ HealthMedia® Breathe™ HealthMedia® Relax™ HealthMedia® Nourish™ HealthMedia® Care™ for Your Back 	X		
7	Paper based Health Risk Assessment (HRA) (Each) Description / Outcome: Delivery (by traditional post) of a paper copy of the Health Risk Assessment tool with return envelope. Once the HRA is scored, a paper based output is sent (again, by traditional post) to the recipient. Option for a paper based tool is <i>required</i> to meet NCQA MEM 1 and 2.		X	\$20.00
LADHS has elected to purchase the above services at program launch.				
	Sub Total – Standard Package			\$0.221
	Sub Total – All Value Added Elements Recommended			\$
	Sub Total – Plan Recommended for CHP			\$
	Estimated Program Year 1 Fees based on Selected Services			\$440,232

Notes:

- 1) The above items have been selected for inclusion in the LADHS / McKesson contract.
- 2) Population size is assumed to be 166,000 members; PMPM pricing will be adjusted -\$0.04 for an upward change to population size beyond +15% up to +35% and will be adjusted +\$0.04 for a downward change to population size beyond -15%.
- 3) Standard Vendor Reporting at Total CHP level is included.
- 4) There are no incentives included for this population but incentives may be priced at a future date.
- 5) Standard Operational performance metrics are assumed.
- 6) Direct electronic member transfer post HRA submission into DM/CM program is not included in this pricing. Pricing does include HRA results being delivered to DM/CM staff for appropriate member action (ie, initial engagement into DM program or follow up on possible issues presented in HRA).
- 7) Program pricing assumes no fees are at risk for financial outcomes or Contractors Performance Outcome Measures.
- 8) Ad Hoc reports identified in the Statement of Work and Exhibit A section M, will be invoiced at a mutually agreed upon price or \$150.00 per hour.
- 9) The unit pricing included above is fixed for 36 months from initial launch. If an optional extension in years 4 and 5 is selected, fees may be adjusted based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the Agreement anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the County's Chief Executive Office (CEO) as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County employee salaries no cost of living adjustments will be granted. Contractor shall request said adjustment six (6) months prior to the then current Extension Year expiration date. If so approved by County, the adjusted rates shall take effective upon County's exercise of the subsequent Extension Year.
- 10) Estimated annual year 1 fees may be adjusted for actual program service launch date.
- 11) Pricing assumes all plans and services are selected (CI NAL, CHP NAL, CHP CCM, CHP DM & CHP Wellness / HRA).

EXHIBIT C

Nurse Advice Line and Disease/Care Management Services Agreement

BUDGET*

COMMUNITY HEALTH PLAN	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	TOTAL
Complex Case Management Projected Term: 02/01/08 - 01/31/11	77,854	186,850	186,850	108,996	560,549
Disease Management Projected Term: 02/01/08 - 01/31/11	1,102,240	2,645,376	2,645,376	1,543,136	7,936,128
Nurse Advice Line Projected Term 01/01/08 - 12/31/10	89,015	178,030	178,030	89,015	534,090
Wellness Program Projected Term: 02/01/08 - 01/31/11	183,430	440,232	440,232	256,802	1,320,696
Subtotal	1,452,539	3,450,488	3,450,488	1,997,949	10,351,463
5% Unscheduled Work Fund**	72,627	172,524	172,524	99,897	517,573
TOTAL	1,525,166	3,623,012	3,623,012	2,097,846	10,869,036

ASSUMPTIONS
166,000 CHP members
166,000 CHP members, .03 call rate NAL, .005 call rate Navigation, .005 call rate for Audio Library, .001 call rate for Informed Decision Support
166,000 CHP members, .03 call rate NAL, .005 call rate Navigation, .005 call rate for Audio Library, .001 call rate for Informed Decision Support
166,000 CHP members

HEALTHY WAY LA	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	TOTAL
Nurse Advice Line Projected Term 12/01/07 - 08/31/10	45,635	78,232	78,232	13,039	215,137
Subtotal	45,635	78,232	78,232	13,039	215,137
5% Unscheduled Work Fund**	2,282	3,912	3,912	652	10,757
TOTAL	47,917	82,143	82,143	13,691	225,894

ASSUMPTIONS
93,000 HWLA enrollees and 3% call rate NAL

GRAND TOTAL	1,573,083	3,705,155	3,705,155	2,111,537	11,094,930
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* Based on Schedule B, RATE SCHEDULES

** Covers costs for unscheduled work such as ad hoc reports, paperbased health assessments, etc. and other costs shown in Schedule B, RATE SCHEDULE.

EXHIBIT D

CONTRACTOR ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

CONTRACTOR NAME _____

Contract No. _____

GENERAL INFORMATION:

The Contractor referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires the Corporation to sign this Contractor Acknowledgement and Confidentiality Agreement.

CONTRACTOR ACKNOWLEDGEMENT:

Contractor understands and agrees that the Contractor employees, consultants, Outsourced Vendors and independent contractors (Contractor's Staff) that will provide services in the above referenced agreement are Contractor's sole responsibility. Contractor understands and agrees that Contractor's Staff must rely exclusively upon Contractor for payment of salary and any and all other benefits payable by virtue of Contractor's Staff's performance of work under the above-referenced contract.

Contractor understands and agrees that Contractor's Staff are not employees of the County of Los Angeles for any purpose whatsoever and that Contractor's Staff do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. Contractor understands and agrees that Contractor's Staff will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

CONFIDENTIALITY AGREEMENT:

Contractor and Contractor's Staff may be involved with work pertaining to services provided by the County of Los Angeles and, if so, Contractor and Contractor's Staff may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, Contractor and Contractor's Staff may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. Contractor and Contractor's Staff understand that if they are involved in County work, the County must ensure that Contractor and Contractor's Staff will protect the confidentiality of such data and information. Consequently, Contractor must sign this Confidentiality Agreement as a condition of work to be provided by Contractor's Staff for the County.

Contractor and Contractor's Staff hereby agrees that they will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between Contractor and the County of Los Angeles. Contractor and Contractor's Staff agree to forward all requests for the release of any data or information received to County's Project Manager. Contractor and Contractor's Staff agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, the above-referenced contract. Contractor and Contractor's Staff agree to protect these confidential materials against disclosure to other than Contractor or County employees who have a need to know the information. Contractor and Contractor's Staff agree that if proprietary information supplied by other County vendors is provided to me during this employment, Contractor and Contractor's Staff shall keep such information confidential.

Contractor and Contractor's Staff agree to report any and all violations of this agreement by Contractor and Contractor's Staff and/or by any other person of whom Contractor and Contractor's Staff become aware.

Contractor and Contractor's Staff acknowledge that violation of this agreement may subject Contractor and Contractor's Staff to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: _____

DATE: ____/____/____

PRINTED NAME: _____

POSITION: _____

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

EXHIBIT E COUNTY OF LOS ANGELES CONTRACTOR EMPLOYEE JURY SERVICE PROGRAM APPLICATION FOR EXEMPTION AND CERTIFICATION FORM

The County's solicitation for this contract/purchase order (Request for Proposal or Invitation for Bid) is subject to the County of Los Angeles Subcontractor Employee Jury Service Program (Program) (Los Angeles County Code, Chapter 2.203). All bidders or proposers, whether a contractor or subcontractor, must complete this form to either 1) request an exemption from the Program requirements or 2) certify compliance. Upon review of the submitted form, the County department will determine, in its sole discretion, whether the bidder or proposer is exempt from the Program.

Company Name:	
Company Address:	
City:	State: Zip Code:
Telephone Number: () ()	
Solicitation For (Type of Goods or Services):	

you believe the Jury Service Program does not apply to your business, check the appropriate box in Part I (attach documentation to support your claim); or, complete Part II to certify compliance with the Program. Whether you complete Part I or Part II, please sign and date this form below.

Part I: Jury Service Program is Not Applicable to My Business

1 My Business does not meet the definition of "contractor", as defined in the Program as it has not received an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontract (this exemption is not available if the contract/purchase order itself will exceed \$50,000). I understand that the exemption will be lost and I must comply with the Program if my revenues from the County exceed an aggregate sum of \$50,000 in any 12-month period.

1 My business is a small business as defined in the Program. It 1) has ten or fewer employees; and, 2) has annual gross revenues in the preceding twelve months which, if added to the annual amount of this contract, are \$500,000 or less; and, 3) is not an affiliate or subsidiary of a business dominant in its field of operation, as defined below. I understand that the exemption will be lost and I must comply with the Program if the number of employees in my business and my gross annual revenues exceed the above limits.

"Dominant in its field of operation" means having more than ten employees, including full-time and part-time employees, and annual gross revenues in the preceding twelve months, which, if added to the annual amount of the contract awarded, exceed \$500,000.

"Affiliate or subsidiary of a business dominant in its field of operation" means a business which is at least 20 percent owned by a business dominant in its field of operation or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in that field of operation.

1 My business is subject to a Collective Bargaining Agreement (attach agreement) that expressly provides that it supersedes all provisions of the Program.

Part II: Certification of Compliance

1 My business has and adheres to a written policy that provides, on an annual basis, no less than five days of regular pay for actual jury service for full-time employees of the business who are also California residents, or my company will have and adhere to such a policy prior to award of the contract.

declare under penalty of perjury under the laws of the State of California that the information stated above is true and correct.

Print Name:	Title:
Signature:	Date: